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# China Report

ECONOMIC AFFAIRS

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5 December 1985

## CHINA REPORT

### ECONOMIC AFFAIRS

### CONTENTS

#### PEOPLE'S REPUBLIC OF CHINA

#### NATIONAL POLICY AND ISSUES

XINHUA Interviews State Official on Economy (XINHUA, 3 Nov 85) .....	1
JINGJI RIBAO Reports Results of Study on China in Year 2000 (Yan Kalin; JINGJI RIBAO, 26 Oct 85) .....	3
Forecast of Economy at Turn of Century (XINHUA, 6 Nov 85) .....	5
JINGJI RIBAO on West China's Economic Development (JINGJI RIBAO, 19 Oct 85) .....	7
State Council Circular on Building Materials (XINHUA Domestic Service, 5 Nov 85) .....	16
'Nature Products' Market Benefits From Price Decontrol (CHINA DAILY, 1 Nov 85) .....	19
Private Enterprises Employ Over 16 Million (CHINA DAILY, 1 Nov 85) .....	20
CHINA DAILY Cites Statistical Bureau Spokesman's Briefing (Zhu Ling; CHINA DAILY, 23 Oct 85) .....	21
Legal Advice Centers Spur Rural Economy (XINHUA, 25 Oct 85) .....	23
Economic Reforms Promote Capital Goods Output (XINHUA, 26 Oct 85) .....	24
Prices Drop as PRC Steel, Cement Shortages Ease (CHINA DAILY, 29 Oct 85) .....	25

Growth of Foreign Trade Transport Network Viewed (XINHUA, 2 Nov 85) .....	27
Prediction of Consumer Purchasing Patterns (XINHUA, 6 Nov 85) .....	29
Report Breaks Down Consumer Goods Expenditure (CHINA DAILY, 4 Nov 85) .....	30
PROVINCIAL AFFAIRS	
Heilongjiang Makes Further Arrangements for Rural Work (Heilongjiang Provincial Service, 9 Nov 85) .....	31
Jilin Meeting Discusses Struggle Against Economic Crimes (Jilin Provincial Service, 2 Nov 85) .....	32
Fujian Concentrates on Energy, Transport (XINHUA, 24 Oct 85) .....	33
Hunan Works To Develop Industrial Enterprises (Xiang Feng; CHINA DAILY, 6 Nov 85) .....	34
Briefs	
Protocols Between Guangdong and Australia	36
Inspection of Reform Work Begun	36
ECONOMIC DEVELOPMENT ZONES	
Briefs	
Xiamen EDZ Construction Funds	37
AGGREGATE ECONOMIC DATA	
Shanghai Meets Economic, Production Targets (XINHUA, 29 Oct 85) .....	38
Briefs	
Sichuan Town Enterprises	39
ECONOMIC MANAGEMENT	
Hunan Governor Discusses Factory Reform (Xiong Qingquan; Hunan Provincial Service, 11 Nov 85) .....	40
Chongqing Workers Display Management Skills (XINHUA, 9 Nov 85) .....	42
Briefs	
Reforms Bring Business for Insurance	43
Enterprises Seek Legal Advice	43
Guangdong Commercial Tax Inspection	44
Economic Irregularities	44



## FINANCE AND BANKING

Shanghai Residents Save Money To Buy Apartments (XINHUA, 11 Nov 85) .....	45
--	----

### Briefs

Bank To Issue Bonds	47
Shanghai Bond Issue	47
Tax Methods Aid Shanghai Growth	48
Guangdong Overfulfills Bonds Issuance	48
Sichuan People's Savings Deposits	48

## INDUSTRY

Survey Reports Growth of Beijing Service Sector (XINHUA, 8 Nov 85) .....	49
---	----

### Briefs

Foundation Links Technology, Industry	50
Chemical Industry Development	50
Shanghai Baoshan Steel Mill Production	50
Guangxi Steel Profits Up	51
Beijing Industrial Production Achievements	51

## CONSTRUCTION

Beijing To Build More Hotels To Meet Demand (Hu Sigang; CHINA DAILY, 23 Oct 85) .....	52
--	----

Shanghai Mayor Addresses Housing Meeting (JIEFANG RIBAO, 29 Oct 85) .....	54
--	----

Tianjin Scores Achievements in Municipal Housing Construction (Tianjin City Service, 6 Nov 85) .....	55
---	----

Tianjin Municipality Works To Develop Tourism (XINHUA, 8 Nov 85) .....	56
---	----

Haikou Developing Port, Building Airport (XINHUA, 12 Nov 85) .....	58
---	----

Auditing Bureau Clears Up Construction Projects (XINHUA Domestic Service, 10 Nov 85) .....	59
---	----

### Briefs

Dalian Pier Expansion	60
Capital Construction Projects Developed	60
Defense Industry Meets Needs	60
Investment in Lianyungang	61
Circular Urges Water Conservancy Construction	61
Beijing Reservoir Construction	61
Rural Water Projects Bids	62
Oil Barge Platform	62

## FOREIGN TRADE AND INVESTMENT

Strategy for Shanghai To Meet Asian Pacific Economic Growth (Huang Daming, et al.; SHEHUI KEXUE, No 8, 15 Aug 85) ....	63
Norwegian Company To Sell Gas Turbines for Daqing Oil Field (Terje Svabo; AFTENPOSTEN, 21 Oct 85) .....	73
Hunan Develops Joint Ventures, Foreign Trade (Tang Zhixiang; CHINA DAILY, 6 Nov 85) .....	74
Guangzhou Trade Fair Scores Growth in Volume, Value (Various sources, various dates) .....	76
Substantial Growth in Export Volume and Value	76
Guangzhou Export Commodities Fair Closes	76
Textiles Top Item at Guangzhou Trade Fair, by Zhang Chuxiong	77
Henan Economic, Technological Talks Conclude (Henan Provincial Service, 30 Oct 85) .....	79
Briefs	
Wharves Leased to Foreign Firms	80
Guangxi Japanese Industrial Display	80
Heilongjiang Trade Exhibition in USSR	80
Trade Advisory Group in Fujian	81
Foreign Trade Up	81
Seminar Ends	81
Shanghai, Japanese Trade Discussion	81

## SPECIAL ECONOMIC ZONES

Xiamen Special Economic Zone Prospering (XINHUA, 11 Nov 85) .....	82
--	----

## LABOR AND WAGES

Forum on Exchange of Technical Workers Held in Xian (Shaanxi Provincial Service, 5 Nov 85) .....	83
Guangxi Farmers Turn to Mining in Mountainous Areas (CHINA DAILY, 6 Nov 85) .....	84

## TRANSPORTATION

Ministry Takes Action To Stem Ticket Scalping (Zhang Jinsheng; XINHUA Domestic Service, 6 Nov 85) .....	86
Liaowang Lists PRC Civil Aviation Developments (Chen Ming; LIAOWANG, No 42, 21 Oct 85) .....	87

Beijing Steps Up Traffic Safety To Curb Accidents (XINHUA, 26 Oct 85) .....	90
--	----

Magazine Cited on Growth of Tianjin Shipper (XINHUA, 7 Nov 85) .....	92
---	----

#### Briefs

Beijing Road Improvements	93
Guangdong Port Approved	93
Oceangoing Fleet Continues To Grow	93
Hebei Local Railway Opening	94
Guangdong's Foshan Port	94

#### TAIWAN

#### Briefs

Yu on Trade Talks	95
-------------------	----

#### HONG KONG MEDIA ON CHINA

Flurry of Bank Openings in Special Economic Zones (WEN WEI PO, 31 Aug 85) .....	96
--	----

#### Briefs

New Credit Management Measures Announced	98
Bank of China To Issue CD's in London	98

## NATIONAL POLICY AND ISSUES

### XINHUA INTERVIEWS STATE OFFICIAL ON ECONOMY

OW031010 Beijing XINHUA in English 0951 GMT 3 Nov 85

[Text] Beijing, 3 Nov (XINHUA)--A senior official of the State Economic Commission said that the economic situation in China is excellent, but promised to continue to fight against economic crimes and other unfavorable factors to the economy.

During an interview with XINHUA, the official said that the past 7 years since the third plenary session of the 11th Communist Party Central Committee has been one of the best periods for Chinese economy since the founding of the People's Republic of China in 1949. He listed the following achievements:

--The industrial and agricultural output value and national income have been growing at an annual average rate of about 10 percent, 6 percent more than planned, with all sectors of the economy developing in a sustained, steady and well-balanced manner.

--While keeping to the purpose of socialist production, China has steered economic work onto the track of raising economic efficiency and ensuring greater economic interests for the people as production develops.

--While maintaining the leading role of the state-owned economy, efforts were made to encourage collective and individual sectors, which brought new vigor to the national economy as a whole.

--The open policy has enabled China to use both domestic and foreign resources and open up both domestic and foreign markets, thus promoting the development of the socialist economy.

--The per-capita income in rural areas has at least doubled while the consumption level in cities has improved by 60 percent. But the improvement is still spotty, with the problems of food and clothing remaining to be solved in some areas.

--China's foreign trade doubled over the past 5 years.

--A breakthrough was made in introducing foreign technology, with the focus shifted from importing full ranges of equipment to importing technology for revamping old enterprises. This has helped boost China's ability of self-reliance and accelerated the pace of technological progress.

He attributed the achievements, among other things, to economic reforms, which began in rural areas and has now spread to cities. These include the expansion of the decisionmaking powers of enterprises and the change of the means of management from administrative orders and mandatory plans to a combination of economic, administrative and legal means. They also include an important step taken in the reform of the wage and price systems.

But, there are still some problems concomitant of the economic reforms. They include indulgence in profit seeking to the negligence of trustworthiness, corruption and taking bribes, price hikes, profiteering and making fake products, illegal imports and excessive imports of cars which have wasted state exchange reserves.

But these are the minor aspects, but merit attention and should not be taken lightly, the official said.

While keeping firm to the policy of opening to the outside world and invigorating the national economy, he said, it is necessary to continue the struggle against economic crimes so as to ensure a healthy development of the national economy.

In the future, China will spend foreign exchanges mainly on importing software, and key equipment for energy, transportation and raw materials industries, the official said.

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CSO: 4020/75

## NATIONAL POLICY AND ISSUES

### JINGJI RIBAO REPORTS RESULTS OF STUDY ON CHINA IN YEAR 2000

HK030854 Beijing JINGJI RIBAO in Chinese 26 Oct 85 p 1

[Report by reporter Yan Kalin [6051 0595 2651]: "Study on 'China in the Year 2000' Yields Results"]

[Text] What will China be like by the end of this century? What will the Chinese people's material and cultural life be like by that time? A study on "China in the Year 2000," carried out by some 400 experts from more than 100 units over a period of more than 2 years, has now yielded results. The study was jointly conducted by the State Council Economic and Technological Research Center (now the State Council Economic, Technological, and Social Development Research Center), the State Planning Commission, the State Economic Commission, the State Science and Technology Commission, and the Chinese Academy of Social Sciences.

The experts held that by the end of this century China will become a powerful socialist country with political stability, economic prosperity, substantial national strength, and a healthy and contented population. It will also display to the world a relatively perfected pattern of socialism with abundant creativity and vitality and possessing Chinese characteristics.

In the study, they made the following predictions on the basic Chinese scene in the year 2000: 1) China's population can be controlled at about 1.25 billion. 2) The people's living standards may reach a comfortably well-off level at many levels. 3) China will become the sixth or fifth greatest economic power in the world (compared with eighth at present). 4) There will be relatively great development of industry and agriculture. 5) There will be relatively great development of culture, education, public health, and physical culture; in science and technology the gap between China and advanced world levels will be markedly narrowed. 6) The entire national economy will become a vigorous open-style economy, and a socialist economic structure with Chinese characteristics will have basically formed. 7) There will be a relatively big change in traditional concepts, and the socialist spiritual civilization will be greatly strengthened.

According to the results of the study, in the process of realizing the great goal for the year 2000, the main difficulties to be encountered are as



follows: There will be a net population increase of over 200 million, which will cause great employment pressure; communications and telecommunications will inhibit national economic growth even more seriously than the energy question will; education, science and technology will be far from meeting the needs of national economic development; there will be a shortage of surface resources such as water and forests, there can be no marked ecological improvement, and there may even be a deterioration in certain respects; and shortage of capital will be a major factor constraining the development of the national economy and the reform of the economic structure. In order to overcome these difficulties and attain the desired goal, while mainly exploring the general strategy for China's economic, science and technological, and social development, policy suggestions were proposed during the study.

The study on "China in the Year 2000" was carried out in accordance with the instructions of central leading comrades, aimed at providing scientifically-based reference material for relevant departments in policymaking. The State Council Economic and Technological Research Center, together with the State Planning Commission, the State Economic Commission, the State Science and Technology Commission, the Chinese Academy of Social Sciences, and the Chinese Scientific and Technological Intelligence Research Institute, began to organize several hundred experts to carry out this project in 1983. Through the study, not only have the experts drawn a relatively clear and concrete picture of China's economy, science and technology, culture, and people's life in the year 2000, but they have also explored all kinds of channels and plans to be selected for realizing the strategic aim. Recently they completed studies on 12 research topics on China in the year 2000, namely, population and employment, economics, people's consumption, science and technology, education, natural resources, energy, the environment, agriculture, communications and transportation, the international environment, and a general quantitative economic, scientific and technological, and social analysis of China in the year 2000. On this basis, they completed the comprehensive study on "China in the Year 2000" and put forth a general report on the same subject. (Note: This paper will continue to publish articles concerning this report.)

The study on "China in the Year 2000" was a vast, complex, and systematic project, characterized by multisubjects, multisectors, and many layers. During the study, the experts took building socialism with Chinese characteristics as the norm and worked hard to sum up past experiences in order to solve current and future problems. They attached special importance to the study of the harmonious development of economy, science and technology, and society and paid attention to combining theory with practice, combining qualitative analysis with quantitative analysis, combining the study on special topics with the comprehensive study, and combining routine methods with modern methods. They also paid attention to the systematic analysis of both domestic and international, and subject and objective conditions.

Some experts held that this study shows that policymaking research and scientific policymaking by the leadership in China are becoming scientific and modernized. It shows that the study of China's economic, scientific and technological, and social development strategy has entered a new stage.

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CSO: 4006/239

## NATIONAL POLICY AND ISSUES

### FORECAST OF ECONOMY AT TURN OF CENTURY

OW061213 Beijing XINHUA in English 1107 GMT 6 Nov 85

[Text] Beijing, 6 November (XINHUA)--China expects to achieve a shorter cycle of equipment renewal, faster growth of national income and a big development in the service trades in the next 15 years, according to today's "ECONOMIC DAILY".

The paper was reporting on a two year research program entitled "China by 2000" done by the State Council Economic, Technological and Social Development Research Center, three state commissions and the Chinese Academy of Social Sciences.

Investment priority will shift from capital construction to technological transformation in the coming years, the study says.

The equipment renewal cycle will be shortened to 20 years in the 1985-1990 period, according to the paper. At present, machines made in the 1950s are still being used. At the turn of the century, the cycle will be shortened to about 12 years.

National income will grow at a similar rate with the total output value of industry and agriculture. Over the past three decades, the paper says, China put too much stress on the growth rate of total output value while neglecting profits.

The national income growth rate will be restricted before 1990 by such factors as management level, energy shortages, insufficient communications facilities and an insufficient technical force, the study predicts.

With a more rational economic structure and management system, the country can anticipate a faster economic growth rate in the 10 years after 1990.

Development of new industries, including electronics, nuclear energy, petrochemicals, refined chemicals, new materials and biotechnology, will also contribute to growth of the national income.

Agricultural output should rise five to six percent annually and industry about eight percent, the study says.



As for the industrial structure, light industry will account for 45 percent and heavy industry for 55 percent by the turn of the century, rather than the 48 and 52 percent by 1990.

The electronics industry is expected to grow by 13-15 percent a year and optical fibre communications, lasers, new materials and nuclear industries are expected to jump more than 20 percent annually.

The growth rate of traditional industries, except for food, will drop markedly and emphasis should be placed on improvement of quality and increased varieties.

Accelerating development of the infrastructure will raise the proportion of its components such as electric power, transport, telecommunications and construction to 15 percent of the gross national product and also 15 percent of the national income. In 1981 the infrastructure represented 12.7 percent of the GNP and 10.4 percent of the national income.

Agricultural workers will decline from about 75 percent of the work force to 33 percent. The people working in industry will double and those in service trades will more than triple.

The study predicts that China will put the technical investment advantages of enterprises in East China to better use before 1990. Emphasis of development will be put on Central China in the 1990s and at a fairly long period of the next century, while the western part of the country will be doing preparatory work, including surveys of geological and natural resources, for major developments in the future.

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## NATIONAL POLICY AND ISSUES

### JINGJI RIBAO ON WEST CHINA'S ECONOMIC DEVELOPMENT

HK060715 Beijing JINGJI RIBAO in Chinese 19 Oct 85 p 3

[JINGJI RIBAO Theoretical Commentary: "An Analysis of West China's Economy"-- passages within slantlines published in boldface]

[Text] /China's economy can be divided into three major geographical regions: eastern, central, and western, and the objective tendency of development is to push from east to west. The guiding principles should be to integrate the growth of the eastern region with that of the central and western regions so that they all support each other and help to realize the economy as a whole, making the people prosper. Although there should be an order of priority in the economic development of various areas, that does not necessarily mean that development of one area must be postponed pending development of another. The eastern region should take the initiative and consider how to assist the central and western regions to develop. Absorbing money, technology, and management expertise from the eastern region, the central and western regions on their part should better exploit their own advantages and in turn assist the eastern region, thus bringing about a more rational balance in the national economy.

/In the western region, we should concentrate on developing farming, forestry, animal husbandry, and transport, exploring local resources, fostering processing industries, and manufacturing products specially needed by the various minority nationalities. In both the central and western regions, we should take advantage of the production capacity of the national defense industrial bases already located there and give them a bigger role to play.

/(Quoted from the "Proposal of the CPC Central Committee for the Seventh 5-Year Plan for National Economic and Social Development")/

#### The Great Significance of the Development of the Western Region's Economy

The economic development of West China occupies an extremely important strategic position in the state's four modernizations program. The development of the western region's economy concerns not only the region itself but will also have an impact on the development of the eastern region. Moreover, it will affect the nation's overall situation.

China's western region (including 11 provinces and autonomous regions, such as Nei Monggol, Gansu, Ningxia, Qinghai, Xinjiang, Xizang, Shaanxi, Yunnan, Guizhou, Sichuan, and Guangxi) has a vast territory and abundant natural resources. Over the last 30 years or more, through large-scale construction efforts, the region has laid a fairly considerable material and technical foundation, significantly transforming the poverty and backwardness which existed in the past. However, due to natural conditions and historical reasons, the economic level of the western region remains on the whole lower than that of the eastern region. What merits greater attention is that over the last few years, in the new situation characterized by reform and opening up to the outside world, the eastern region has developed faster than the western region by relying on its superior natural and geographical conditions, sound industrial foundation, and relatively large market, thus further widening the existing gap between the two regions. The four provinces whose economic growth rates were the lowest in the country from 1975 to 1981 are all located in the western region. Of the five provinces whose economic growth rates were the highest in the country in 1984, only Guizhou gained a place--fifth. The national income of the province whose average per-capita national income is the lowest in the western region is just 64.5 percent of that of its counterpart in the eastern region and the national income of the province whose average per-capita national income is the highest in the western region is just 18.5 percent of that of its counterpart in the eastern region. This state of affairs has caused deep concern among the vast numbers of cadres and the masses in the western region. They are worried that the rich will get richer and richer while the poor will become poorer and poorer, so they hope to speed up the economic development of the western region and to gradually narrow its economic development gap with the eastern region while hoping that the central authorities will allow the region to adopt some preferential policies so that they will have the same development opportunity as the other regions of the country already have.

First, the economic development of the western region has close connections with the economic development of the eastern region and of the nation in general.

The western region occupies an extremely important position in the country in terms of natural resources. Converted into standard coal, the verified reserves of coal, petroleum, hydropower resources, and natural gas constitute approximately 57 percent of the national total; that of mercury, silver, and gold make up 70 percent; and that of phosphorus, sulphur, and mirabilite comprise up to 63 percent. The region has abundant animal husbandry resources. China's five big natural pasturelands are located in the region, with the acreage of its grassland and its grassy hills and hillslopes in the farming areas occupying 98 percent and 51 percent of the national totals respectively. The region is rich in forestry resources. The area of land covered with forests is 770 million mu, with total standing timber of 6 billion mu, and the acreage of hills and hillslopes good for afforestation is 720 million mu, constituting 45 percent, 58 percent, and 62 percent of the national total respectively. The region is also abundant in resources such as melons,

fruit, medicinal materials, and tropical and subtropical animals and plants. These resources are indispensable to national construction, including the sustained economic development in the eastern region and they are also where the staying power for the country's four modernizations program lies.

Next, a prosperous market is indispensable to the economic development of a country or a region. Ours is a big country. Therefore, we must rely chiefly on our domestic market. In terms of the current national standard, the western region's standard of living is relatively low. If we fail to make the people well-off and if the people have little or no surplus grain and money in their hands and even have problems with food and clothing, there will be no purchasing power to speak of. A shrinking market in the greater part of the country is not a minor matter. It will surely affect the national overall demand and proceed to affect the sustained, stable, and harmonious economic development of the eastern region and of the nation as a whole.

Again, there is a nationality problem. West China is an area where China's main minority nationalities live in compact community and an area inhabited by several minority nationalities. Of the nation's 55 minority nationalities, 48 live mostly in the western region, with a total population of 52.4 million people which makes up 78 percent of the nation's total minority nationality population. Along the western region's long boundary lines with 11 countries and regions more than 30 minority nationalities live next to the neighboring countries. On the whole the average per-capita industrial and agricultural output value and income of the areas where minority nationalities live in compact communities are half of those of the provinces or autonomous regions where the areas are located and one fourth of those of the nation. It is estimated that of the nation's minority nationalities, those who live below the poverty level number about 51 million people. Most of them live in the western region. Therefore, developing the economy of the western region, the minority nationality economy of that region in particular, is extremely great significance to strengthening the unity among minority nationalities, preserving social stability, developing the national economy, and building up national defense.

#### Have a Comprehensive Understanding of West China

In analyzing and studying the current economic situation of the western region, while acknowledging the unfavorable conditions, we must pay greater attention to the favorable conditions. We must see that the western region has both potential superiority in natural resources and a lot of real economic superiority and that being comparatively underdeveloped in terms of the overall situation of the nation, the region has a considerably sound material and technical foundation in some areas.

In the western region, a group of backbone enterprises with a relatively complete range of trades and professions have been set up and a corresponding contingent of scientists and technicians has been built, and moreover, some cities with a higher development level have sprung up. The western

region can provide both the various raw and semi-finished materials as well as important electrical and machine equipment which are badly needed by the state and also a quite ample energy supply. In the course of China's socialist construction over the last 3 decades or more, the western region's industry, in particular its national defense and machine-building industries, have played an extremely important role and a group of enterprises advanced in operations and management have emerged. Apart from its most advanced industries, such as atomic energy, hydrogen bombs, and space technology, the region has advanced technology in civilian production, agriculture, and animal husbandry and can turn out quite a number of advanced products in the fields mentioned above.

Since the 3d Plenary Session of the 11th CPC Central Committee, there have been gratifying changes in the agricultural and animal husbandry production of some areas in West China. For example, before 1982, about 1.2 billion jin of grain had to be shipped into Gansu Province every year to meet its demand for grain. But now things have begun to change. Last year the province had a grain surplus of 12 million jin. In 1984 Shaanxi and other provinces had grain enough and to spare. The arterial railway, highway, and civil aviation networks have initially taken shape. In addition, the large and medium-sized enterprises, military industrial enterprises in particular, which were set up over the last 30 years, have had a sizable contingent of engineers and technicians. In recent years there has been some improvement in the flow of qualified personnel.

Of course, while acknowledging favorable conditions, we should acknowledge the unfavorable ones in developing the western region. For example, the region has poor natural conditions. At present the state is not in a position to allocate a large quantity of funds to the western region for its development. The development level of the region's commodity economy is fairly low as is the case with its social and cultural level. We should bring the favorable conditions of the western region into full play and approach its unfavorable conditions in a practical and realistic way. Thus, through efforts, we can change the temporarily unfavorable conditions into favorable ones.

#### Make a Correct Analysis of the Economic Results of the Western Region

According to the statistics of the Ministry of Finance, from 1980 to 1983, the taxes and profits handed over to the state by the 10 provinces and cities in the eastern region amounted to 276.5 billion yuan and the state's investment in these areas totaled 95 billion yuan. Hence, the amount of taxes and profits handed over to the state outnumbered the total volume of state investment. In the same period, state investment in the western region totaled 30.8 billion yuan with a return of 31.8 billion yuan in taxes and profits from the investment. In that very period, various state subsidies to the western region reached 29 billion yuan, approaching the amount of taxes and profits the latter handed over to the state. The state financial subsidies to the region in 1983 alone amounted to 11.3 billion yuan, constituting approximately 46 percent of the region's financial expenditures in that same year.



The above-mentioned statistics are worked out by taking the western region as an entity. Not all localities, departments, and enterprises in the western region have very poor economic results. Take Gansu for example, where the profits and taxes turned over to the state by the province's industrial enterprises in the 35 years between 1950 and 1984 were 213 percent as much as the investment funds used in capital construction. Sichuan used an area of cultivated land which occupied 6 percent of the national total to feed 10 percent of the nation's total population and moreover, it transferred out of the province large quantities of various farm and sideline products such as grain, pork, and edible oils to support the country. The economic and technological targets of some trades and departments in the western region have reached the national advanced standards of those trades. In the State Economic Commission's public appraisal of the economic results of enterprises in the first half of this year, such large enterprises as the Lanzhou Oil Refinery were included in the list of successful candidates. For another example, the accumulative total of profits and taxes handed over to the state by the No 1 Potash Fertilizer Plant in Qarhan, Qinghai between 1958 and 1981 was at least 400 percent more than the total investment the state made in it. There are more than just one or two such enterprises in the provinces and autonomous regions in West China.

In addition, in making an analysis of economic results, we should also take the various factors affecting economic results into account. In the western region, energy and raw and semi-finished industries and high energy-consuming industries constitute a large proportion. There are a large number of primary products in agriculture and animal husbandry and moreover, most of these products are turned out in accordance with state mandatory planning. The current irrational price policies have eclipsed some of the economic results created by the region. The amount of energy, raw and semi-finished materials, and primary products sent out of the region since liberation is impressive. The people in the western region have made significant contributions to the building of the motherland. Only when the economic results and contributions of the western region are correctly assessed and only when a comprehensive analysis of the various factors that affect economic results is made can the various policies concerning the economic development of the region be correctly formulated. Of course, under comparable conditions, whether from the macroeconomic point of view or from the microeconomic angle, the economic results of the western region are inferior to those of the eastern region. This is a fact. However, this is precisely where the potential for the region's economy lies. We should seek the causes for this state of affairs and solve them and continue to support the development of the region. This is more profitable than making a fresh start in the eastern region. The practice of invariably relying on imported energy and raw and semi-finished materials is not desirable in the long run.

#### Combine the Development of the Western Region With That of the Eastern Region

In accordance with the instructions of central leading comrades, such as Hu Yaobang and Zhao Ziyang and the strategic plans of the central authorities, the western region will be China's important base in the 21st century. Nevertheless, preparations must be started right now rather than in the next

century. At present the focal point of China's economic construction is in the eastern region, which should be gradually pushed from east to west so as to revitalize the economy as a whole and make the people prosperous. This is the fundamental guideline for the economic pattern in various areas. Economic development always proceeds from developed areas to underdeveloped ones. At present our country is pursuing a policy with an order of priority on the development of various areas, a policy that will push economic development from east to west. However, this should not be mechanically interpreted to mean that the development of one area must be postponed pending development of another. On the contrary, we should bring the favorable conditions of the eastern, central, and western regions into full play and combine the development of the eastern region with that of the western region with the former stimulating the latter.

In terms of the country as a whole, at present the focal point of China's economic construction is in the eastern region. However, as far as a certain trade is concerned, the focal point of its development is not necessarily in the eastern region. In the western region, we should concentrate on developing energy and raw and semi-finished industries. This does not mean that we should not develop processing or knowledge-intensive industries and infant industries. In the western region there are some defense industrial bases left from the drive to build the third-line regions. We should fully use the production capacity of these bases and given them a bigger role to play. A policy with an order of priority should also be implemented in all areas of West China and investment funds should be used where they are most needed.

In brief, stressing an order of priority does not mean separating priorities from non priorities. The economic development of priority areas should be combined with that of non priority ones, with the former stimulating the latter. As for economic development, it may undergo a shift in emphasis, which is not absolute in terms of timing. So long as we pay conscientious attention to the policy with an order of priority and apply it with skill, we will be able to get the maximum results with the minimum input and to accelerate the economic development of the western region.

#### Some Tentative Ideas on Measures To Be Taken

In working out the strategy for the economic development of the western region, we must take the following two facts into account. First, in line with central plans and in consideration of the national economic and social development, at present the state is not in a position to increase its investment in the western region. Second, with its own advantages and considerable potential for development, the region still has bright prospects ahead.

/1. Through reform, invigorate the large enterprises of the western region, strive to gradually make them part of the local economy, and instill greater vitality into the internal departments of the region's economy./

Several hundred large modern enterprises set up over the last 30 years or more by using state investments constitute the important superiority of the western region. However, in the past, due to such reasons as the management

system, these enterprises failed to become part of the local economy and to stimulate the latter as they should have done. Consequently, the economic results of some of these enterprises have been low. Therefore, it is necessary to invigorate them and to fully tap their potential through reform.

1) Put some military industrial enterprises which have been converted to civilian production or which turn out products for civilian use under the management of local authorities, or give local authorities the power to coordinate through overall planning the production by the enterprises of products for civilian use. 2) Reform the management system, put an end to the situation in which large enterprises are dissociated from the local economy, promote the extensive use of new technologies and products in a selective manner, support local enterprises so that they can rapidly develop, and set up an enterprise network with large enterprises in the lead. In addition, it is necessary to use the equipment and technical force of large enterprises (including military industrial enterprises) to support medium and small enterprises and to serve the local economy.

/2. Formulate effective economic policies and stimulate the economic exchange and cooperation between the eastern and western region with various flexible economic forms./

The eastern region needs the resources of the western region and the latter needs the former's funds and technology. As far as the economic exchange between the eastern and western regions is concerned, first, we should move those industries (such as high energy-consuming industries) which are not fit for development in the eastern region to the western region. Next, we should promote the formation of joint-venture enterprises by the eastern and western regions, using their own funds, technology, and personnel so that the resources needed by enterprises in the eastern region can be exploited. Again, we should encourage the two regions to establish transprovincial corporations at different levels so that the relationship between the two regions will become more direct and be based on common interests. On the basis of straightening out the price system, we should formulate a gradual regional policy conducive to the flow of the factors of production toward underdeveloped areas.

/3. Change the modes of absorbing funds and raise economic results./

The longstanding practice of the state granting financial subsidies gratis to the western region by investing there was detrimental to promoting the localities and departments which used state investments to raise their economic results. Moreover, due to restrictions in time and space, namely, the fiscal year and the departments and localities which used state investments, judging the investment as a whole, a considerable amount of funds were used up in a decentralized way. At the same time, more often than not, the import of funds was not coordinated with materials, technology, information, qualified personnel, and other factors of production and therefore, could hardly be turned into a productive force as they should be. In this connection, some comrades proposed that while the state continues to grant financial subsidies gratis to the western region and to invest in some



projects, apart from normal funds channels (including some financial allocations), state financial institutions should set up a "West China Development Fund" in order to open up more financial revenues for the west (it can be experimentally tried first in the southwest or the northwest.) Through the "fund," investment should be carried out in a centralized way and with interests paid; with capital circulation in the lead, the comprehensive import of materials, funds, technology, information, qualified personnel, labor services, and other factors of production should be conducted in an orderly manner; and a consultancy agency should be set up to provide services in choosing, analyzing, and appraising those projects supported financially by the "fund" and to effectively supervise and ensure the economic and social results of the construction projects.

/4. Attach particular importance to the development of agriculture, forestry, and animal husbandry, stress the exploitation of minor natural resources so that the people will become well-off as quickly as possible./

Of the people who still have problems with food and clothing, 65 percent live in the western region. Except for Sichuan and Ningxia, the provinces and autonomous regions remain deficient in grain. Township enterprises in the 11 provinces and autonomous regions have just begun. With the exception of Shaanxi, Sichuan, and Xizang, the total output value of township enterprises in the other eight provinces and autonomous regions in 1984 comprised 4.2 percent of the national total. The average income of the peasants is far below the average national level. If no prompt action is taken to check the continued worsening of the ecological environment, the excessive felling of forest trees in particular; if the problem of some people not having enough to eat and war is not solved; and if people's living standards are not improved, the enduring, stable, and harmonious development of the region's economy will be out of the question. In most areas of the western region, the development of agriculture, forestry, and animal husbandry should continue to be given priority. Instead of concentrating on major natural resources and undertaking large projects, we should pay adequate attention to minor natural resources, uphold the "sesame strategy," give full play to the region's special strong points in agriculture, forestry, and animal husbandry, and processing, rearing, and small-scale mining industries as well as sideline occupations, and help the vast numbers of peasants get rid of poverty and become well-off.

/5. Emancipate the mind, relax policies, implement the policy of opening up to the outside world, and opening up a new "Silk Road."/

With its rich natural resources, the western region has a considerable appeal to foreign countries. Some cities and enterprises in the region already have conditions for absorbing foreign capital and technology. In recent years, the symposia on foreign investment held separately by such provinces and autonomous regions as Nei Monggol, Shaanxi, and Gansu have yielded better results than expected. Compared with the eastern region, the western region is much nearer to the Soviet Union and Pakistan. We should reopen the "Silk Road" so as to boost trade with the Soviet Union,

Eastern Europe, and West Asia through land communications and conduct economic exchanges with Moslem countries using our religious ties with them. In recent years the western region has made some progress in trade with its neighboring countries. There is still considerable potential to tap in this respect. Therefore, we should relax policies, open up some ports as well as airports and aviation routes to the outside world, and build necessary railways and highways. Opening up trade channels with countries to the west of China will give our country more room for doing business in world markets and help promote the economic development of the western region.

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CSO: 4006/239

## NATIONAL POLICY AND ISSUES

### STATE COUNCIL CIRCULAR ON BUILDING MATERIALS

OW060631 Beijing XINHUA Domestic Service in Chinese 1440 GMT 5 Nov 85

[Text] Beijing, 5 Nov (XINHUA)--The General Office of the State Council recently transmitted a "Program for the Development of Building Materials Industry" drafted by the State Building Materials Bureau and issued a circular in this connection.

The circular says: The State Council has approved in principle the "Program for the Development of Building Materials Industry" drafted by the State Building Materials Bureau. The principles, policies, and measures set forth in the "program" for developing building materials in a big way are correct. It is hoped that all regions and departments will make full use of their funds and favorable conditions in natural resources, technology, and manpower to implement practically the principle of developing building materials by all and to support the rapid development of the building materials industry.

The circular issued by the General Office of the State Council say the building materials industry is one of the basic industries urgently required by the national economy to develop at precedence. Vigorously developing the building materials industry is of great significance in accelerating the drive for socialist modernization and improving the living standards of the urban and rural people in our country. Departments in charge of the building materials industry should shift their emphasis from office management to the management of the industry and do a good job in formulating principle policies, and plans, making technological progress, developing intellectual resources, circulating materials, implementing laws and regulations, spreading information, and importing and exporting products in order to make the building materials industry a main prop of our national economy and a major industry in accumulating funds and reducing the currency in circulation.

The "Program for the Development of Building Materials Industry" points out: Our building materials industry now produces three major categories--building materials, new nonmetal mineral material and new inorganic, nonmetal materials--and more than 80 varieties of over 1,000 products. The building materials industry has developed rather rapidly since the founding of the PRC, particularly since the 3d Plenary Session of the 11th CPC Central Committee. But the industry is still very backward. In addition to the

inadequate quantity, few varieties, and poor quality of its products and high energy consumption, the industry is backward to a serious extent in technology and equipment. It is now a task of top priority to change the backwardness of the building materials industry as soon as possible.

The "program" sets forth 12 points for the vigorous development of the building materials industry, and the main points are:

Go all out to mobilize people to develop building materials. The building materials industry has a vast market in our country, and natural resources are widely dispersed over the country. It is fit to produce building materials with local resources and to market them locally or nearby. In view of the fact that the supply of building materials has long fallen far short of demand and that limited investment by the state cannot meet the need for the development of the building materials industry, it is necessary to implement the principle of developing building materials by all under the guidance of the state plan. We should support various departments, localities and enterprises to develop building materials. Moreover, we should support various departments in making full use of their favorable conditions to produce more and better new building materials. Beside state investment, funds for the development of building materials may be raised by making loans at home and abroad or by using such ways as setting up joint ventures using Chinese and foreign investment and enterprises with their own capital and engaging in joint management and compensatory trade. To encourage people to raise funds, the policy of the investor benefiting from his investment and disposing of his products will be implemented. As for products that are to be distributed in a unified way and those under the contract of relevant ministries, the state will not cut down the planned quotas to be fulfilled by various departments. Funds raised from society for the building, rebuilding, or expansion of big and medium-sized projects may be handled as loans. After a project built with raised funds goes into operation, the funds invested in the fixed assets of the project may be paid back from its profit before income tax.

Strive to effect a strategic shift in the building materials industry. In addition to changing the development of building materials by the state alone to that by all people and departmental management to enterprise management, the strategic shift is aimed mainly at bringing about a transformation from backward to advanced technology, from products requiring high energy and water consumption to those requiring lower energy and water consumption, from low-grade products to low-, middle-, and high-grade products, the production of raw materials to that of highly processed materials, from poor packaging prone to damage to quality packaging with little damage, and from closed production enterprises to enterprises with open management and operation. It is necessary to act according to the law of economics and to give full play to the role of economic levers in order to enable building materials enterprises to quicken their strategic shift while competing with one another in the market.

Relax policy restrictions and invigorate enterprises. It is necessary to enable state building materials enterprises, especially big and medium-sized

enterprises, to become independently operating commodity producers responsible for their own profits or losses and capable of self-transformation and self-development and of coping with emergencies. Those enterprises should make full use of their respective favorable conditions and tap their own potentials. At the same time, we should also create conditions for them to invigorate themselves and adopt a policy in support of them in the allocation and transfer of products, taxation, pricing, loans, and the depreciation of fixed assets.

Gear the building materials industry to market demand in both urban and rural areas and greatly reduce the currency in circulation. It is necessary to supply whole sets of building materials for housing construction by peasants, to build housing as a commodity in rural areas, and to vigorously open up a market for building materials in cities.

In addition, vigorous efforts should be made to increase the export of non-metal minerals and building materials; to introduce technology, funds, and talented people from abroad; to accelerate the technical transformation of enterprises; to develop new types of building materials; to make use of industrial residue to produce building materials; to bring about as quickly as possible a new situation in developing the new materials industry of nonmetals and inorganic nonmetals; to do our basic work well; to better serve the industry as a whole; to select and employ outstanding talents; and to effectively manage the building materials industry.

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## NATIONAL POLICY AND ISSUES

### 'NATURE PRODUCTS' MARKET BENEFITS FROM PRICE DECONTROL

HK010445 Beijing CHINA DAILY in English 1 Nov 85 p 2

[Text] Since the state decontrolled prices on top "native products"--including bamboo, chemicals, timber and natural by-products--the market has really taken off, ECONOMIC INFORMATION reported. Prices are more closely tied to supply and demand.

At last month's annual National Native Products Fair in Zhenzhou, Henan Province, transactions were sealed involving 413 million yuan, 32 percent more than last year.

In the bamboo sector, the state decontrolled purchase quotas. Zhenjiang and Guangxi provinces, chief bamboo producers in the country, saw purchases drop by 20 percent. Price rises are expected in both provinces. For example, 30-centimeter diameter bamboo is selling 2.60 yuan a piece, up from the previous 2.20 yuan. Bamboo products will also see price rises, the newspaper said.

However, the lower quality hybrid bamboo supply is sufficient and prices are expected to fall. With the further development of the bamboo-growing areas and production of substitute materials, the newspaper predicts that overall prices will soon stabilize, even drop.

In the chemical industry, a shortage of lacquer has resulted in price rises for high quality lacquer from 12.6 yuan per kilogram to 13.2 yuan. Lacquer wax, also in short supply, has gone up from 1.66 yuan per kilogram to 2.42 yuan. The sharpest price rise was in white wax, which nearly doubled from 11 yuan to 20 yuan.

The shortage of *Eulaipsis binata*, a primary material in paper-making, has pushed prices up to 260 yuan a ton from 254 yuan. Tree bark prices also are expected to rise, the newspaper said.

The state's decontrol of the timber market also has increased the timber supply. Price remains stable. High quality timber has seen a slight price rise. Carbon has risen to 0.32 yuan per kilogram from 0.26 yuan last year.

In the straw industry, reed mat is still in short supply and prices are rising, the newspaper said.

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## NATIONAL POLICY AND ISSUES

### PRIVATE ENTERPRISES EMPLOY OVER 16 MILLION

HK010515 Beijing CHINA DAILY in English 1 Nov 85 p 3

[Text] More than 16 million Chinese people are now in private industrial and commercial business, according to a survey released this week by the State Industry and Commerce Administration. Engaged in 11 million licensed private trading units, their total working capital exceeded 13.2 billion yuan in the first 6 months of this year and turnover reached 38 billion yuan.

More than 70 percent of these private traders, or 8.1 million license-holders, are in industrial or commercial business in the countryside, filling former gaps in such areas as food-processing, transport, handicraft, and catering.

But the boom in private business has only partly solved the shortage of catering, repair, and transport facilities in some areas, an administration spokesman said. Local authorities should further encourage and develop private [trade] as an essential step to ease the commercial and service shortages, he added.

The spokesman also said, however, that strict measures ought to be adopted to control tax evasion and irregularities in the operations of those private traders who did not respect the state's or consumers' interests. "The most effective step would be to promulgate a complete set of policies and regulations governing private business operation and educate traders to observe them in their daily practice," the spokesman said.

Meanwhile, according to a report from Hangzhou, capital of Zhejiang Province, tax inspection carried out throughout the province has prompted thousands of private traders to turn in overdue tax payments.

In some counties, the private business operators queued outside the local tax bureau to pay their arrears. Ye Xiaoqing, a private trader in Jiaojiang County, re-declared his business turnover of 12,000 yuan and paid up 500 yuan in overdue taxes.

The tax inspection had a great impact among the province's several hundred thousand private businessmen, who had hitherto not known or ignored the tax rules, the report said.

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NATIONAL POLICY AND ISSUES

CHINA DAILY CITES STATISTICAL BUREAU SPOKESMAN'S BRIEFING

HK230758 Beijing CHINA DAILY in English 23 Oct 85 p 1

[Article by staff reporter Zhu Ling]

[Text] China's overheated economy was brought under control in the third quarter of this year, and "overall economic growth is going ahead in a healthy way," a State Statistical Bureau spokesman said yesterday.

Summarizing the country's economic performance for the first 9 months of 1985 Ma An said the excessively rapid growth of industrial production and fixed capital investment had given way to coordinated development in production, capital construction and the domestic market.

China's gross industrial output value rose to 614.2 billion yuan in the first 9 months, an increase of 21.1 percent over the same period last year. The rate dropped to 14.7 percent last month from 20.4 percent in July and 17.5 percent in August, he said.

China's industry began its high-speed dash last October. In December, annual growth reached 20.4 percent and in the first half of this year the figure was 23.1 percent.

According to sources, the overheated growth has led to the neglect of product quality and economic efficiency, and aggravated the electricity shortage and the strain on transport. It has sharply increased the demand for raw materials and caused problems in the current urban economic reforms.

Between January and September of this year, Ma said, light industrial output value rose by 23.6 percent, compared with 18.7 percent for heavy industry. Energy output increased by 10.8 percent and crude oil output reached 93.02 million tons, an increase of 10 percent.

Since the beginning of this year, Ma said the country's agricultural production pattern had been readjusted in line with the state plan. As a result, there had been an overall reduction in the sown acreage of cotton and grain and an increase in cash crop acreage, the spokesman said.



Ma forecast that this year's grain and cotton output would decline, due to reduced acreage, floods and drought, while the production of some major cash crops would grow "by a large margin."

Ma said a total of 108 million hectares of grain had been sown, down nearly 5 million hectares from 1984, and cotton acreage was down by 1.7 million hectares.

The sown acreage of cash crops was 22.67 million hectares, up 3.53 million hectares from 1984. Land devoted to oil producing crops increased by 3.3 million hectares, sugar crops by 307,000 hectares, tobacco by 330,000 hectares and jute and hemp by about 600,000 hectares.

Still, Ma said, this year's grain crop would be the second largest in Chinese history, after last year's record 407 million tons.

Investment in capital construction totalled 56.3 billion yuan in the first three quarters, up 38.6 percent over the same period last year, but the pace slowed to 23.7 percent last month, the spokesman said.

Construction of key state schemes had accelerated, Ma said. Of the 169 key schemes planned for this year, 14 comprehensive projects and 24 single-item projects had been completed and were in operation. Their completion had given the country an extra production capacity of 71.4 million barrels of crude oil, 1.25 million kilowatt-hours of electricity, 60,000 tons of processed sugar and 20.3 million tons of port-handling capacity, Ma said.

The country's retail sales in the first 9 months soared 27.9 percent over the same period in 1984 to 303.9 billion yuan. But the growth rate in retail sales dropped to 18.1 percent in September from 29.5 percent in the first half of this year.

Consumer durables, Ma said, had been in big demand this year. Refrigerator sales rose by 500 percent, electric fans by 150 percent, tape recorders and washing machines by more than 100 percent and television sets by 60 percent over the same period last year.

The spokesman said that consumer prices had increased by 7.7 percent nationally in the first 9 months, compared with the same period last year. This was due to the decision to free the price on several commodities, mainly meat, vegetables and aquatic products. The increase in the cost of consumer goods was 11.1 percent in cities with more than 1 million inhabitants, Ma said. But he added that incomes had increased faster than the rise in prices.

Ma also said savings deposits for rural and urban residents totalled 150.99 billion yuan at the end of September, an increase of 19.5 percent over 1984.

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## NATIONAL POLICY AND ISSUES

### LEGAL ADVICE CENTERS SPUR RURAL ECONOMY

OW251905 Beijing XINHUA in English 1511 GMT 25 Oct 85

[Text] Beijing, 25 Oct (XINHUA)--Legal advice centers in rural Beijing are helping to promote commodity production by offering their services to local enterprises and specialized households, a municipal official said today.

The 56 legal offices so far set up have handled more than 4,000 lawsuits in the past 6 months, said Gui Zinian of the Municipal Bureau of Justice. They also act as legal advisers for 45 rural enterprises and families involved in specialized production.

Economic disputes have increased greatly with the rapid growth of the rural economy. Many involve disagreements over contracts. Local peasants and enterprises are eager to get help from legal experts, said Gui.

He quoted the example of a toy factory in Shunyi County, which stopped production because of poor management. This resulted in an overstocking of cardboard boxes at a carton factory in neighboring Pinggu County, which had a contract to supply boxes to the toy factory.

Thanks to help from the Mafang Township legal office in Pinggu County, the carton factory won a lawsuit, and received more than 10,000 yuan compensation from the toy factory.

Most of the offices were set up this year. More than a third of the 270 rural townships in Beijing will have their own law offices by the end of this year, said Gui. Office staff come from legal departments or are trained local cadres.

This year, they have helped mediate in 1,525 civil disputes, and many of these were solved at the peasants' homes. To promote knowledge of law, they give lectures, write reports and often visit villages to offer legal advice. To reduce the number of economic disputes, they offer to examine and notarize contracts for local enterprises and households.

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## NATIONAL POLICY AND ISSUES

### ECONOMIC REFORMS PROMOTE CAPITAL GOODS OUTPUT

OW261104 Beijing XINHUA in English 1047 GMT 26 Oct 85

[Text] Beijing, 26 Oct (XINHUA)--Economic reforms have promoted the production of capital goods in China, said today's ECONOMIC DAILY. Enterprises making these goods, such as raw materials, heavy machinery and other commodities for use in production, are more enthusiastic to do so because they can earn more through increased production, the newspaper said.

A survey by a State Council group this summer showed that Hubei Province produced 4,060,000 tons of rolled steel last year--600,000 tons more than the target. Coal output was 1,930,000 tons above the state quota of 5,500,000 tons.

Since 1979, China has allowed capital goods enterprises to sell their products privately after fulfilling the state plan. Before then, all capital goods had to be handed over to the state.

Now, capital goods covered by the state plan are bought by the government at fixed prices, with surpluses sold on demand on the open market.

The group, which surveyed Shijiangzhuang, Wuhan and Changsha cities and Guangdong Province, also found that the reforms had forced factories to reduce their capital goods consumption and the cost of their products, and channelled more money into the production of goods in short supply.

However, one side-effect of the reforms was that certain enterprises were now selling products covered by the state plan privately. This had led to users having to buy some goods which should have been allocated to them on the open market and this, in turn, had led to price rises.

While confirming that the reforms were beneficial to present economic conditions, the group proposed the narrowing of price gaps between state allocation and marketing as soon as possible.

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## NATIONAL POLICY AND ISSUES

### PRICES DROP AS PRC STEEL, CEMENT SHORTAGES EASE

HK90539 Beijing CHINA DAILY in English 29 Oct 85 p 2

[Text] Shortages in the supply of steel and cement have eased and prices fallen since China cut the scale of building construction in September, the newspaper ECONOMIC INFORMATION reports.

This year, China should produce about 37 million tons of steel, and import 15 to 16 million tons. The total may meet the demand of 50 to 52 million tons anticipated by the state, says the report.

Steel became scarce during the first half of this year because many enterprises overspent on building materials, outside the state plans.

The state introduced strict control on construction spending in early September, and demand decreased markedly.

Prices for wire rod in South China have dropped from 2,000 to 1,700 yuan per ton. In the north, prices have fallen from 1,700 to 1,600 yuan.

The State Administration of Materials has imported 500,000 tons of steel which it plans to release on markets nationwide. The price will be a little lower than the current domestic prices.

Liaoning ECONOMIC INFORMATION JOURNAL reports that steel prices in the area have fallen as increased supplies of steel in varied specifications has come onto the market since September. According to the report, a 5 percent cut in the price of wire rod was recorded over the past month, and the cost of screw steel also fell by 6.5 percent.

Steel prices in Guangdong are 100 or 300 yuan lower compared to those in the country's inner provinces.

ECONOMIC INFORMATION predicts supplies of 54 or 56 million tons of steel will be available next year, 39 to 40 million tons domestically produced and 15 to 16 million tons imported.

The amount would satisfy the need of 51 to 53 million tons programmed in the new 5-Year Plan.

Another report from the newspaper said the cement shortage had eased as demand and price dropped.

Cement prices in Shanghai have stabilised after soaring earlier this year. A cut of 16 billion yuan in the city's planned capital investment of 100 billion is responsible.

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CSO: 4020/80

## NATIONAL POLICY AND ISSUES

### GROWTH OF FOREIGN TRADE TRANSPORT NETWORK VIEWED

OW021658 Beijing XINHUA in English 1311 GMT 2 Nov 85

[Text] Beijing, 2 November (XINHUA)--China's merchant fleet engaged in foreign trade can now carry a million tons of goods, and employ 40,000 people, a senior official was quoted here today as saying.

The country's foreign trade transport network has grown considerably since the China National Foreign Trade Transportation Corporation and the China National Ship Chartering Corporation were founded 35 years ago, said Li Chuntian, who is general manager of both. He was interviewed by the overseas edition of "PEOPLE'S DAILY".

As well as carrying China's imports and exports, the foreign trade fleet has transported vital equipment for sino-foreign joint schemes abroad.

The Transportation Corporation has branches in all provinces, autonomous regions and municipalities as well as in coastal ports of entry. There are 39 container transit stations at eight major coastal ports and 20 cities.

It has set up two subsidiary companies in the United States, and agent offices in Tokyo, Hamburg, Rotterdam, Antwerp, Hong Kong and New York, and forged business links with more than 300 ports and inland cities in 140 countries and regions.

Li Chuntian said that soon after China opened its first container shipping route in the 1970s, eight container transit stations were established. In addition, the country began conducting container trade via the Trans-Siberian railway.

Since 1980, China has expanded business in international cargo transit and introduced express-mail services.

With the cooperation of the Democratic People's Republic of Korea, Chinese goods are now exported via the Korean transit port of Chongjin, and direct

shipping routes between ports along the Yangtze River and Hong Kong and Japan have opened.

The general manager said that further efforts were being made to open trade links with transit ports in Latin America and Africa.

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## NATIONAL POLICY AND ISSUES

### PREDICTION OF CONSUMER PURCHASING PATTERNS

OW061117 Beijing XINHUA in English 1051 GMT 6 Nov 85

[Text] Beijing, 6 November (XINHUA)--Chinese citizens probably will spend a bigger proportion of income on durable consumer goods, housing and labor services and less on food by 2000, according to today's "ECONOMIC DAILY".

Per capita annual disposable income is expected to rise to 712 yuan at the turn of the century, compared with 227 yuan in 1980. Urban residents will average 1,200 yuan per capita, and rural residents, 600 yuan, the paper predicts.

The predictions are based on a report by the State Council's Economic, Technological and Social Development Research Center and four other units. They did a two-year research program entitled, "China by 2000".

The report, one of 12 based on the research, says the proportion of income spent on food will drop from 59.2 percent in 1983 to 50 percent by 2000, while that for clothing will remain at 13-14 percent.

Purchases of consumer goods will account for 16-17 percent of the total money spent. From 70 to 90 percent of urban households will have television, recorders, washing machines and refrigerators, it is anticipated.

Rent will take about 10 percent of income of urban residents, as against 1.5 percent in 1983. Each urban resident will average eight square meters of floor space, about 30 percent more than the present figure, and each rural resident, 15 square meters.

Spending on services, which is negligible now, will jump to 10 percent of the total income, according to the report.

The report predicts that in the countryside, non-agricultural production and intensive farming will help raise income, and higher wages rather than more employment will give urban dwellers bigger income.

Service trades should grow and such items as housing, medicine, and education should be the responsibility of individuals rather than the state, according to the report.

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CSO: 4020/80



## NATIONAL POLICY AND ISSUES

### REPORT BREAKS DOWN CONSUMER GOODS EXPENDITURE

HK040413 Beijing CHINA DAILY in English 4 Nov 85 p 2

[Text] People in China are spending more pocket money this year, and on a wider variety of goods that makes daily life more comfortable and fun.

Over the first nine months of 1985, consumers spent 26,471 billion yuan, a 31 percent increase over the same period last year, according to the State Statistics Bureau.

A breakdown of the figure, shows a 33.2 percent increase in sales of household and entertainment articles, followed by a 30.5 percent rise in good sales and a 30.3 percent rise up in clothing sales, according to ECONOMIC DAILY.

During the nine month period Chinese bought 839,000 refrigerators 3,773 million washing machines, 13,884 million electric fans, 4,875 million tape recorders, 7,804 million television sets, 10,613 million transistor radios, 17,864 million bicycles, 35,379 million watches and 5,914 million sewing machines.

As for food, consumers bought 54,223 million pigs, 345,900 tons of fresh eggs, 808,000 tons of aquatic products, 403 million tons of sugar, 16,573 million boxes of cigarettes and 3,156 million tons of wine during the first nine months of 1985.

The clothing industry saw sales of 4.09 billion metres of cotton cloth, 1.94 billion metres of cotton and fibre blends, 680 million metres of synthetic fibres, 165.567 million metres of woolen and synthetic blends and 452.399 million metres of silk.

Among household articles, 16 to 20 inch size colour television sets sold very briskly. Domestic famous-brand and imported double-door, large-size refrigerators were also in heavy demand.

Other electric household appliances like cooking utensils, electric blanket and massage machines all recorded leaps and bounds in sales volumes.

Meanwhile, more fresh and live food products have been placed on market since the State lifted its controls over sales of sideline foods such as meat, poultry, eggs, aquatic products and vegetables.

In clothing stores, consumers showed special interest in non-seasonal western suits, glossy silk jackets, imitation wool pullovers, woolen garments, silk and woolen overcoats.

## PROVINCIAL AFFAIRS

### HEILONGJIANG MAKES FURTHER ARRANGEMENTS FOR RURAL WORK

SK111210 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 9 Nov 85

[Text] The provincial conference of directors of rural work departments concluded on 9 November. The conference pointed out that, in the later period, our work emphasis in rural areas should be placed on deeply implementing the policies fixed by the party for rural areas, further improving the cooperative economy and commodity circulation channels in rural areas, reasonably readjusting the production structure in rural areas, establishing or improving various systems of social services, and consolidating and reinforcing the grassroots level organizations in rural areas in order to promote the healthy development of the commodity economy in rural areas.

The conference held that our province has made a good start in conducting the second-stage reforms in rural areas. The rural economy has entered the new period of steady, stable, and harmonious development. However, we should also note that our province has just begun conducting the second-stage reforms and the province's rural work will also be heavy in the upcoming period. Therefore, localities should first do a good job in readjusting the production structure in rural areas in order to have the structure be reasonable and harmonious. In readjusting the production structure in rural areas, we should continuously bring into play the strong point of the province's planting and raise the province's grain production to a new level.

Hereafter, we should follow the principle of suiting measures to local conditions and improving the farmland to meet the need of cultivation on the one hand in order to further do a good job in readjusting or making arrangements for production plans, and should exert all-out efforts on the other hand to successfully work out the production measures for livestock, projects, and technology; and particularly to enhance agricultural capital construction, improve the management of farmland and water conservation facilities, step up repair of the facilities damaged by the flood, and improve the conditions of agricultural production in order to vigorously upgrade the standard of intensive farming and to increase the per unit yield.

/8918

CSO: 4006/264

## PROVINCIAL AFFAIRS

### JILIN MEETING DISCUSSES STRUGGLE AGAINST ECONOMIC CRIMES

SK080105 Changchun Jilin Provincial Service in Mandarin 1030 GMT 2 Nov 85

[Text] The provincial meeting on dealing blows to serious economic offenses sponsored by the Jilin Provincial CPC Committee concluded in Changchun today. Comrade Wang Xianjin, deputy secretary of the provincial CPC Committee, spoke at the meeting. He pointed out: Since 1982, when the activities to deal blows to serious economic offenses began, our province has achieved great results in the activities. Since the beginning of this year, in particular, our province, focusing on reform, and in coordination with reform and correction of new malpractices, has sternly investigated and handled a group of economic crimes undermining reform. In this way, it has dealt blows to the undermining activities of criminals, saved a group of persons who have erred, and achieved new development in the struggle against economic crimes. However, we should clearly note that some lawless elements in society have exploited the loopholes in market regulation and multi-channel circulation to wantonly engage in speculation and swindles, and some party-member cadres have been participated in and shielded such criminal activities.

Comrade Wang Xianjin stressed: A conspicuous problem at present is the fact that ineffective blows are being dealt to the crimes and the understanding of some localities and departments regarding the seriousness and danger of the economic crimes is confused. In order to change such a situation, the provincial CPC Committee decided that from now to the New Year period we should mobilize the entire party, rely on the masses, and concentrate our time and efforts on dealing blows to the economic offenses in the departments of grain and commodity supplies, finance, foreign trade, and materials and water conservancy, and to the companies without funds and specialized personnel. Major targets to be cracked down upon are serious criminals who exploit the loopholes in reform to engage in embezzlement and theft, give and take bribes, evade and resist paying taxes, speculate and swindle, smuggle, and illegally purchase foreign exchange. We should use typical examples to educate party members, cadres, and the masses to resist corrosive influence, to foster ideals, and to abide by discipline so that the goal of improving party style, stimulating reform, and promoting work can be attained.

CPC Committee of Changchun, Jilin, and Gongzhuling cities and the leading party group of the provincial agricultural bank introduced their experiences in carrying out the struggle against economic crimes.

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CSO: 4006/264

## PROVINCIAL AFFAIRS

### FUJIAN CONCENTRATES ON ENERGY, TRANSPORT

OW241854 Beijing XINHUA in English 1844 GMT 24 Oct 85

[Text] Fuzhou, 24 Oct (XINHUA)--Fujian Province, home of many overseas Chinese, is to concentrate its efforts on developing energy and transport while curbing non-productive investment, Governor Hu Ping said here today.

Three wharves for shipping coal, grain and other goods will be built, he said, and construction of a group of power stations will be speeded up.

Investment on minor schemes will be cut by 56 percent next year, the governor disclosed, and few new hotels will be built in the next few years.

To achieve better economic results, efforts will be made to develop 50 to 60 new products each year, and to promote the production of consumer goods, exports and products such as steel, pig iron, caustic soda, plastics, cement and new building materials.

Regarding agriculture, grain production will be further promoted, the governor stressed. Grain output is expected to reach 8,500,000 tons next year and 8,750,000 tons the year after.

Meanwhile, aquatic products, animal husbandry and forestry should also be developed.

The total value of exports next year is expected to reach U.S.\$500 million--an increase of 11 percent over this year.

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CSO: 4020/75

## PROVINCIAL AFFAIRS

### HUNAN WORKS TO DEVELOP INDUSTRIAL ENTERPRISES

HK060458 Beijing CHINA DAILY (HUNAN SUPPLEMENT) in English 6 Nov 85 p 2

[By Xiang Feng]

[Text] In 1949, Hunan Province had only 24 enterprises and 1,376 private handicraft workshops, producing a gross output value of 318 million yuan.

By last year, the province had more than 20,000 industrial enterprises, with 2.2 million employees and over 20 billion yuan of fixed assets. The gross industrial output value last year reached 22.94 billion yuan, 72 times the 1949 figures.

Since the founding of the People's Republic, central government has invested 17 billion yuan in Hunan's industries, including coal mining, metallurgy, engineering, chemicals, textiles, electronics, building materials, transport, light industries and post and telecommunications.

Last year, Hunan's industrial output value made up 57 percent of the province's gross domestic product, compared with 1949's 16.7 percent.

One of the country's important centres for non-ferrous metal industries, Hunan ranks first in the country in its production of aluminium, zinc, antimony, hard alloys and flouride. It is also the country's second biggest producer of tungsten ore, electrolytic aluminium, electrolytic zinc and mercury, and third biggest producer of wire rod and alloy produced by electric furnace.

The machine-building industry, whose output value comprises 21.56 percent of the province's industrial output value, is capable of turning out finished mining machinery, agricultural machinery, electricity-generating equipment, tractors and machines.

Huinan Province is China's second largest producer of porcelain, providing one-seventh of the country's porcelain exports.

With a rapidly developing petrochemical industry, Hunan [word indistinct] list for producing chemical pesticides, sulphuric acid, chemical fertilizers, and synthetic ammonia.

Hunan Province also boasts a long history of traditional handicrafts, including embroidery, porcelain, stone-carving, feather products, bamboo carving and bamboo articles, all known for their artistic styles and special features.

Due to the reforms of the past few years, the quality of industrial products has greatly improved. Eighty-three products have won State gold and silver medals and more than 1,700 products won the title of High-Quality Product as well as provincial and ministerial praise. Products sell in more than 100 countries and regions.

The province enjoys a variety of rich mineral resources. Some 108 kinds of ore deposits have been found in the province, with reserves of 78 kinds already surveyed. In addition, 21 kinds of mineral deposits are among the largest in the country.

Together with the rich mineral resources, its abundant agricultural resources can provide sufficient raw materials for a food industry, light and textile industries, metallurgy, chemical and building industries.

Located in the centre of China and bordering Jiangxi, Sichuan, Guizhou, Guangxi, Guangdong and Hubei provinces, Hunan has always sat on the country's main north-south and east-west economic routes. And its slick transport network forms a solid foundation for the development of modern industry in Hunan.

The province now has 460,000 technical personnel specializing in various fields, 157 independent scientific research institutions, 54 schools of higher learning, and 118 vocational and technical schools. Graduates from these schools exceed 40,000 every year, providing abundant intellectual resources for the province's industrial modernization.

Despite the advantages, Hunan's industry is hindered by a lack of funds and advanced technology. As a result, resources have not been fully exploited. Of the State's 148 required technical and economic quotas, 95 in 1984 were below the country's average.

With further implementation of more flexible policies, Hunan Province will strengthen its economic ties with other provinces and other countries, import more technology and attract more capital to speed up the pace of industrial modernization and exploration and utilization of natural resources. Backed by its agriculture and rich natural resources, Hunan will give priority to developing the light and textiles industries, processing and mining industries, to fulfil the goal of quadrupling industrial output value by the year 2000 ahead of schedule.

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CSO: 4020/80



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CSO: 4020/80

## ECONOMIC DEVELOPMENT ZONES

### BRIEFS

XIAMEN EDZ CONSTRUCTION FUNDS--["Xiamen Special Economic Zone Has Already Employed Over \$1 Billion Construction Funds"--ZHONGGUO XINWEN SHE headline]--Xiamen, 4 Nov (XHONGGUO XINWEN SHE)--At present, the construction funds employed by Xiamen Special Economic Zone have amounted to over \$1 billion, of which Chinese and foreign investments each account for 50 percent, and involving 273 agreements on Chinese-foreign joint ventures and cooperations. This was disclosed yesterday by Zou Erjun, mayor of Xiamen, while receiving the diplomatic envoys from 37 countries to China, who are visiting Fujian Province. This group of 62 envoys and diplomats arrived in Xiamen from Fuzhou on the morning of 3 November at the invitation of the Fujian Provincial Government. At the conference hall of Xiamen Overseas Chinese Electronics Company Limited located at Huli Industrial District, Zou Erjun briefed his guests on the general situation in Xiamen Special Economic Zone and answered some questions raised by them. [Text] [Beijing ZHONGGUO XINWEN SHE in Chinese 1150 GMT 4 Nov 85 HK] /6662

CSO: 4006/242

## AGGREGATE ECONOMIC DATA

### SHANGHAI MEETS ECONOMIC, PRODUCTION TARGETS

OW292021 Beijing XINHUA in English 1458 GMT 29 Oct 85

[Text] Shanghai, 29 Oct (XINHUA)--Shanghai has met most economic targets set for the Sixth 5-Year Plan, which ends this year, according to the local statistics bureau.

Its industrial output value increased at an annual rate of 6 percent from 1981 to 1984 to reach 74.4 billion yuan last year, meeting the target one year ahead of schedule. The output in the first 9 months of this year was worth more than for the whole of 1980.

In the first 4 years, light industry grew at an annual rate of 7 percent and heavy industry 5 percent. The proportion of light industry to heavy industry is now 56 percent to 44 percent.

Output targets for 25 major products, including steel, rolled steel, cement and glass, were met 1 to 2 years ahead of schedule. Out of 50 major items, only nine, including cotton cloth and wrist watches, are unlikely to meet their quotas because of changes in demand.

The electronics industry has been growing at 16.6 percent per year. In the first 4 years, output of color TV sets, tape recorders, washing machines, refrigerators and cameras multiplied.

Each worker produced average output value of 30,000 yuan last year--2.2 times the national average. By the end of this year, productivity is expected to have grown 17.5 percent from 1980, outstripping the target.

Between March 1983 and August 1985, the city imported 809 items of technology and equipment for the steel, machine-building, shipbuilding, textile and food industries, and opened 80 Sino-foreign joint ventures.

The bureau said the new policy of expanding the decision-making power of the enterprises and management improvement had contributed to industrial growth.

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CSO: 4020/75

## AGGREGATE ECONOMIC DATA

### BRIEFS

SICHUAN TOWN ENTERPRISES--Town and township enterprises developed in the province during the Sixth 5-Year Plan and have become an important force in economic development. There are now 750,000 town and township enterprises in the province, employing 3.43 million people. The total output value of the province's town and township enterprises amounted to some 8.8 billion yuan and their total income reached some 7.3 billion yuan, accounting for an important part of the province's revenue. [Summary] [Chengdu Provincial Service in Mandarin 0030 GMT 4 Nov 85 HK] /8918

CS0: 4006/264

## ECONOMIC MANAGEMENT

### HUNAN GOVERNOR DISCUSSES FACTORY REFORM

HK140943 Changsha Hunan Provincial Service in Mandarin 1100 GMT 11 Nov 85

[Excerpts from Xiong Qingquan's article: "Several Problems Associated With Reform of the Changsha Cigarette Factory"]

[Excerpts] In the past the Changsha cigarette factory was a unit with serious and long-standing problems. The Changsha City CPC Committee and government adopted many methods to change the appearance of the factory, but achieved very little. It was not until July 1984, when the leading group of the factory was reorganized and (Xian Shouzhong) and other comrades assumed office and led the staff and workers of the factory in boldly carrying out reform, that the factory began to see a gleam of hope and finally changed losses into profits.

The reform of the Changsha cigarette factory is an epitome of the whole reform. What inspirations can we gain from the change in the factory? I think the inspirations can be summarized as follows:

The first inspiration is the excellent situation resulting from reform. To consolidate and develop the excellent situation, we must also rely on reform.

We have achieved remarkable results in the reform of the economic structure over the past few years, but we have not yet fulfilled the reform task and the future task will be more arduous. In line with the spirit of the national conference of party delegates, we must continue to put reform in first place, resolutely push forward reform, and further consolidate and develop the excellent situation.

The second inspiration is that we must fully understand reform is arduous and complicated. We must gauge whether it is beneficial to the development of social productive force. This is the most important criterion for testing the success or failure of all reforms.

We must always remember not to use minor and non-essential issues in our advance to deny the excellent situation and the reform itself. We must not view the success or failure of the reform by proceeding from partial or immediate interest.

Comrade Xiong Qingquan's article continues. The third inspiration we can gain from the report on Changsha cigarette factory manager (Xiao Shuzhong's) persevering in reform, is that we must correctly view the deficiencies of reformists and pay serious attention to protecting their initiative and creativity. Reform is by no means an easy path. We must have the courage to blaze new trails and make explorations in the reform. Without a great number of people with pioneering spirit and lofty ideals, it would be impossible to carry out the reform.

The fourth inspiration is: We must vigorously strengthen ideological and political work in the reform. The success in the reform of the Changsha cigarette factory was closely related to the strengthening of ideological and political work.

We must further conduct education in ideals and discipline, and closely combine education in communist ideals with the practical struggle targets.

In conclusion the article says: The reform accords with the will of the people and represents a general trend which goes with the tide of historical development and cannot be reversed. A great number of advanced units and individuals who are keen on reform and have made remarkable achievements have emerged in our province over the past few years. We expect the appearance of more advanced people of the (Ma Shengli) type and hope to push forward the in-depth development of various reforms in the province by using their influence.

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CSO: 4006/264



## ECONOMIC MANAGEMENT

### CHONGQING WORKERS DISPLAY MANAGEMENT SKILLS

OW090730 Beijing XINHUA in English 0715 GMT 9 Nov 85

[Text] Chongqing, November 9 (XINHUA)--Workers in Chongqing, Sichuan Province, are exercising the power of hire and fire to improve management and welfare at their factories, a trade union leader said here today.

The union official said that workers' congresses at the city's 1,260 plants now held regular meetings to appraise the work of their leaders and discuss ways of improving things.

A deputy director at the Chongqing Automobile Engine Plant was recently removed from office after the Workers' Congress charged him with neglect of duty over 20,000 yuan which was defrauded from the plant.

A workshop leader at the plant was also dismissed for deliberately hurting a worker because of a personal dispute.

All the decisions were approved by higher authorities. The Workers' Congress also commented on the work in the plant's kindergarten, clinic and dining hall.

On behalf of the workers, the congress has also rewarded and praised the plant's director, party secretary, the chief engineer and 19 other leaders at the factory and workshop levels.

Wang Zuorui, director of the plant, said upon the pressure of public opinion, leaders at the plant were working hard to improve their style of work, and as a result, profits this year were expected to increase sixfold over the 1983 figure.

In another enterprise, the Chongqing Construction Machine Tool Factory, 67 of 68 new directors were appointed on the recommendation of the factory's Workers' Congress.

In many factories, major decisions on management, regulations, and welfare cannot be made without the consent of Workers' Congresses, said the union chief. The congresses of the city's factories are convened twice a year by the trade unions.

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CSO: 4020/86

BRIEFS

REFORMS BRING BUSINESS FOR INSURANCE--Wuhan, November 11 (XINHUA)--The development of a market-oriented rural economy in Hubei Province has boosted insurance business, a provincial insurance company official said. In the first 9 months of this year, the company collected more than 20 million yuan on policies, more than the total for the whole of 1984. And last year's figure was more than five times the figure for 1983. The official said that as more peasants left the land to work in the competitive commodity market, they are insuring their businesses against loss. Half of the rural enterprises in the province have insured their property. More than 10 million rural households in the country have taken out insurance since the People's Insurance Company of China reopened for business in 1979. Insurance business had been suspended during the "cultural revolution." The official said Hubei Province had taken the lead in some areas of rural insurance. There are now 30 types of policy available to peasants. [Text] [Beijing XINHUA in English 1036 GMT 11 Nov 85 OW] /8918

ENTERPRISES SEEK LEGAL ADVICE--Beijing, November 13 (XINHUA)--More than 70 percent of China's 6,000 big and medium-sized industrial enterprises have hired lawyers or established their own legal consultancy offices, according to an official of the Ministry of Justice. China's small industrial companies number about 400,000. By mid-1985 almost 26,000 of these had sought legal advice from the country's 2,441 legal advisory offices, the official said. With economic development, more and more companies are becoming aware of the importance of seeking legal advice. To cope with this need, he said, 700 technicians and managers from big and medium-sized enterprises directly under the State Council's 20 ministries and commissions are getting legal training. They all have a college level education and will return to their original enterprises to act as part-time legal workers. Industrial companies expect their legal staff to help improve economic management, draft contracts and other legal documents, take part in investigations of accidents, act as agents in litigation and safeguard legitimate rights and interests. [Text] [Beijing XINHUA in English 0729 GMT 13 Nov 85 OW] /8918

GUANGDONG COMMERCIAL TAX INSPECTION--The Guangdong Provincial Commerce Department has carried out a serious large-scale inspection of taxation. To date, through this inspection, the department has initially discovered violations of discipline, including: evasion of taxes; withholding of profits; indiscriminant issuing of bonuses and goods, which involved 7.24 million yuan; and arrears of taxes and of capital for energy resources and communication construction, which involved 31.86 million yuan. The provincial Commerce Department is now organizing forces to conduct reinspection and inspection of key enterprises. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 4 Nov 85 HK] /8918

ECONOMIC IRREGULARITIES--The Zhejiang Provincial government recently issued a circular calling on all localities to improve the administration of industry and commerce and crack down on speculation, profiteering, and other irregularities. The circular calls on all localities to resolutely stop speculation and other law violations; pay attention to cracking down on counterfeit goods; ban resale of important means of production and durable consumer goods in short supply; and improve the management of important agricultural and sideline products that have a bearing on the people's livelihood and the state's export trade. It calls on departments concerned to deal sternly with such illegal practices as business operations in violation of regulations, adulteration, jacking up prices, and bullying others of the same trade to monopolize the market. It also calls on the departments concerned to crack down on smuggling of imported goods, cultural relics, gold and silver, and foreign currencies; improve management of the cultural market; and resolutely ban pornographic videotapes, pornographic materials, unhealthy tabloids, and their producers and sellers. [Text] [Hangzhou Zhejiang Provincial Service Mandarin 1000 GMT 10 Nov 85 OW] /8918

CSO: 4006/264

## FINANCE AND BANKING

### SHANGHAI RESIDENTS SAVE MONEY TO BUY APARTMENTS

OW111336 Beijing XINHUA in English 1302 GMT 11 Nov 85

[Text] Shanghai, November 11 (XINHUA)--Urban residents of crowded Shanghai are being encouraged by the government to save money to buy their own homes, according to the municipal construction commission.

A commission official described the sale of housing as a new and effective measure to ease the city's serious housing shortage.

Shanghai, the largest industrial city in China, has a population of more than 11 million. The per-capita living space for six million urban residents averages only 4.9 square meters, lower than in most other cities.

The Shanghai branch of the China Industrial and Commercial Bank is helping the prospective homeowners by offering a savings and loan plan which it introduced in June 1984.

Up to the end of October, 1,049 depositors had opened special savings accounts of at least 30 yuan a month for up to 5 years. The bank will loan these savers twice the amount of their deposit at the end of 3 and 5 years.

Nearly 1.12 million urban households, or more than half of the city's total, are depositing money in lottery savings accounts in the hope of winning apartments as prizes. A total of 72 million yuan has been deposited this way.

An average-sized apartment of two rooms and a kitchen covers about 50 square meters of floor space and costs about 18,000 yuan.

Buyers of the government-built homes usually pay one third of the sale price, the balance being covered by their employers and the state. The buyer owns the apartment, but may not sell it, according to the government policy.

In addition, businesses and government offices are required to sell part of their housing stock to their employees. Housing in urban areas is normally built and distributed by work units and local authorities for nominal rents.

Shanghai will offer 300,000 square meters of apartments--about 6,000 apartments--for private sale this year, almost quadruple last year's amount. A total floor space of 4.6 million square meters will be completed this year, 280,000 square meters more than last.

The official said sales of flats represented a major step in the on-going reform of the housing management system in China. The aim is to bring in more money to build new homes, which will reduce the burden on the state treasury and ease the housing shortage.

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CS0: 4020/85

BRIEFS

**BANK TO ISSUE BONDS**--Shanghai, 25 Oct (XINHUA)--The Shanghai branch of the Industrial and Commercial Bank of China will issue 15 million yuan of financial bonds in 14 savings banks from Monday. The 1-year bonds are in 50- and 100-yuan denominations, and a 9 percent interest rate will be paid on them--25 percent higher than ordinary saving deposits, said Mao Yingliang, director of the branch. The funds raised will be extended as special loans to collectively-owned enterprises in need of floating capital, and for technical upgrading schemes which are likely to be completed soon, Mao said. Interest rates repayable on these special loans will be between 12 percent and 14 percent. The Industrial and Commercial Bank of China is to issue 500 million yuan of bonds throughout the country this year. /Text/ /Beijing XINHUA in English 1835 GMT 25 Oct 85/

**SHANGHAI BOND ISSUE**--Thousands are flocking to 14 Shanghai savings banks to buy financial bonds issued for the first time in the city since 1949. Organized by Shanghai Industrial and Commercial Bank, the savings banks began selling 15 million yuan's worth of debentures to individuals on Monday. Reports yesterday said long queues had formed to purchase the bonds, which carry a nine percent annual interest. Bonds worth 10 million yuan have been sold so far in the city, which is experimenting with new financial measures in a bid to raise funds for its industrial production. A statement by Mao Yindong, head of Shanghai Industrial and Commercial Bank said state-run enterprises and organizations were not allowed to buy the bonds. An individual can buy a maximum of 2,000 yuan's worth. The high interest rate of the untransferrable bonds compares favorably with the usual 7.2 percent interest rate for fixed-term savings accounts. The current bond buying spree surpasses even the enthusiasm shown last week when people rushed to deposit money in savings accounts to try their luck in a lottery. Under that scheme, anyone depositing money in a long-term savings account at a Shanghai bank could buy a lottery ticket which could win the most valued prize in the populous metropolis: A two-room apartment with kitchen and a bath. After the lottery was launched early last week, bank deposits in Shanghai climbed steadily to more than 30 million yuan, a report in the PEOPLE'S DAILY said. /Excerpt/ /Beijing CHINA DAILY in English 1 Nov 85 p 3/



TAX METHODS AID SHANGHAI GROWTH--Shanghai, November 7 (XINHUA)--Shanghai, which provides one sixth of China's state revenues, has achieved a faster growth rate of income than industrial output this year, according to a spokesman for the Municipal Bureau of Finance today. During the first 10 months of this year, the city's revenues rose by 14 percent to 15 billion yuan, compared with a 12 percent increase in industrial output value. More than 90 percent of the extra revenue came from tax receipts, which have risen since the establishment of more than 11,000 service sector businesses. The spokesman also attributed the increased revenue to the various reforms of taxation, which are designed to increase the decision-making powers of state-owned enterprises, thus stimulating production. [Text] [Beijing XINHUA in English 1522 GMT 7 Nov 85 OW] /8918

GUANGDONG OVERFULFILLS BONDS ISSUANCE--According to NANFANG RIBAO, thus far in 1985, Guangdong has already overfulfilled by 4.5 percent the task of issuing bonds, even though the volume of the task was increased by 53 percent over last year. In addition, Guangdong has overfulfilled by 6 percent, 3 months ahead of schedule, the tasks of raising funds for power supply and transport industries, and key construction projects. Therefore, the province has accomplished in an all-round way the fund-raising tasks assigned by the central authorities for this year. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 8 Nov 85 HK] /8918

SICHUAN PEOPLE'S SAVINGS DEPOSITS--The amount of urban and rural savings deposits in Sichuan Province at the end of 1984 had reached 6,622 million yuan, an increase of 4,412 million yuan over 1980. The savings deposits had increased by an average of 31.57 percent a year. It is estimated that the savings deposits this year will increase by 2,560 million yuan and will be 38.66 percent more than at the end of last year. It is estimated that savings deposits in the Sixth 5-Year Plan period will increase by a total of 6,972 million yuan and will be 315 percent more than the increase in savings deposits over the 31 years from 1950 to 1980. [Summary] [Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 6 Nov 85 HK] /8918

CSU: 4006/260

## INDUSTRY

### SURVEY REPORTS GROWTH OF BEIJING SERVICE SECTOR

OW081204 Beijing XINHUA in English 0813 GMT 8 Nov 85

[Text] Beijing, 8 November (XINHUA)--Visitors in Beijing find it easier to dine out and get hotel room and other services thanks to the two million people working in service trades.

The Chinese capital expects that 36 percent of the total employment will be in service trades by the end of this year, up 2 percent from 1984.

Beijing had increased 1,300 restaurants and food stalls, 1,300 hotels and inns with 100,000 accommodations, 550 repair shops and 1,100 breakfast snack stalls in the first nine months this year, according to a recent survey of the service trades by the municipal government.

The city has 120 taxi companies with 10,400 taxis.

The survey shows that foreign tourists numbered 670,000 in the first nine months of this year, exceeding the total for last year. The capital expects to accommodate 850,000 overseas tourists this year.

The nine new laundries with 47 sets of modern apparatus have expanded the capacity from 980,000 garments to five million. Service time has been cut back from six weeks to two.

A two-year research study by four units under the state council and the Chinese Academy of Social Sciences projects that the people engaged in service trades will come to more than 30 percent of the labor force at the turn of the century, compared with the current proportion of about 10 percent.

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CSO: 4020/83

## INDUSTRY

### BRIEFS

FOUNDATION LINKS TECHNOLOGY, INDUSTRY--Shanghai, 4 Nov (XINHUA)--Shanghai's 8-month-old industrial technology development foundation, linking industry, scientific research and banking, promotes the technical upgrading of industry, according to a foundation official. China has had little experience in pairing scientific research with partners in industry. Also technology imported by industry should relate to China's scientific research institutions. The foundation was established to forge these channels of communication. High on the foundation's agenda is the task of arranging consultations. So far 3,000 applicants have requested consultative services to find new scientific methods to improve technology. The foundation aims at promoting the economic performance of Shanghai's enterprises by coordinating scientific breakthroughs with the appropriate industrial plant. It also makes contact with local banks to arrange financing. /Text/ /Beijing XINHUA in English 1130 GMT 4 Nov 85/

CHEMICAL INDUSTRY DEVELOPMENT--Beijing, 1 Nov (XINHUA)--Production of chemical materials will be one of China's top economic priorities during the Seventh 5- Year Plan period beginning 1986. It will receive the same attention as energy development and transport in accordance with a recent government decision, Minister Qin Zhongda of chemical industry is reportedly to have said. On the list of priority for the development of the industry are compound fertilizer, chemical ores, petrochemical products and refined processing, reported the overseas edition of today's PEOPLE'S DAILY, based on an interview with the minister. Qin called for increased cooperation with foreign countries, including establishment of joint ventures, imports of technology and equipment, purchase of patents, codesigning, and technical consultancy. He expressed satisfaction with the ministry's cooperation with the United States, Japan, France, the Netherlands and Denmark over the past years. A compound fertilizer plant, a joint venture between China, Tunisia and Kuwait, will be completed by 1988. China will also try to increase its export of chemical products and set up joint ventures abroad, Qin added. /Text/ /Beijing XINHUA in English 0853 GMT 1 Nov 85/

SHANGHAI BAOSHAN STEEL MILL PRODUCTION--Shanghai, 20 Oct 85 (XINHUA)--The steel mill of Shanghai's Baoshan Iron and Steel Complex has produced some 75,000 tons of steel in its 1st month of operation. All the produce passed quality control tests. The mill's two 300-ton converters worked normally and could produce a maximum of seven heats of steel at one shift. /Summary/ /Beijing XINHUA Domestic Service in Chinese 1212 GMT 20 Oct 85/

GUANGXI STEEL PROFITS UP--By 29 October, the region's steel and rolled steel output reached 315,000 and 244,000 tons respectively, an increase of 23,000 and 6,000 tons respectively over the region's annual output for last year. The profits and tax achieved by the region's 10 key iron and steel enterprises in the first 9 months of this year exceeded by 22 million yuan the total profit and tax achieved by them in the whole of last year. [Summary] [Nanning Guangxi Regional Service in Mandarin 1130 GMT 3 Nov 85 HK] /12858

BEIJING INDUSTRIAL PRODUCTION ACHIEVEMENTS--During the implementation period of the Sixth 5-Year Plan, the industrial enterprises throughout Beijing Municipality have prefulfilled the majority of production targets and laid a solid foundation for the Seventh 5-Year Plan. They have prefulfilled the Sixth 5-Year Plan by 1 year with regard to total industrial output value. Of the targets for the 37 key products covered by the plan, 18 of them have been prefulfilled by 1 year. As of the present the output of color television sets has surpassed that of 1980 by 32.3 times, washing machines by 9.3 times, refrigerators by 5.2 times, and motor vehicles by 80 percent. During the period, the proportion of light and textile industries has increased from 39.6 percent in 1980 to 44.5 percent at present. In 1980, 2 municipal products won the national level golden medal, 21 products the national level silver medal, and 207 products the municipal medal of fine quality. In 1984, 6 products won the national level medal, 47 products the silver medal, and 461 products the municipal medal of fine quality. /Excerpts/ /Beijing City Service in Mandarin 1000 GMT 1 Oct 85/

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## CONSTRUCTION

### BEIJING TO BUILD MORE HOTELS TO MEET DEMAND

HK230904 Beijing CHINA DAILY in English 23 Oct 85 p 3

/Article by staff reporter Hu Sigang/

/Text/ Lodging problems in China continue to worsen as the press of travellers increases during the country's busiest tourist season.

Typical of the problems was that faced by two American tourists early this week in Beijing. The two were near exhaustion after searching the entire city all day without finding a hotel room. Near midnight, they were so distraught that they sought accommodations at the Zhao Long Hotel, which was still under construction. An executive of the hotel was so sympathetic that he arranged accommodation for the two Americans through his connections with a guest house.

The two Americans were lucky. Scores of other travellers to China have much more gloomy tales to recount. Some have had to sleep on benches at the airports, and many others have had to bunk out in the lobbies of overbooked hotels.

It is against this background that Beijing is building 50 new hotels in an effort to ease the shortage of accommodations. Until these are completed, however, the scarcity of hotel rooms will remain a serious problem.

The Zhao Long Hotel, mentioned above, is one of the new hostelries that will help "alleviate the problem a little though not much," said Yuan Zhongtang, the facility's general manager.

The Zhao Long Hotel already has the endorsement of State leader Deng Xiaoping who has inscribed the name of the hotel and he is expected to cut the ribbon at the opening ceremony, CHINA DAILY has learned.

Named after Pao Zhao Long, father of the shipping magnate, Sir Pao Yue-kong, the Zhao Long Hotel is built with funds provided by the latter plus some domestic investment. The shipping magnate will fly to Beijing to attend the opening ceremony on Friday.

Located in the eastern part of Beijing, close to the Sanlitun embassy area, the hotel is within easy reach of markets, the downtown area and scenic landmarks.

The hotel will have 270 guest rooms, including 7 deluxe suites to accommodate foreign dignitaries and heads of state, and 9 restaurants, that will serve Shandong, Sichuan and Guangdong as well as Western dishes.

The hotel's angular shape was selected by Pao Zhao Long and his son from three designs submitted by the Beijing Architectural Designing Institute, the manager said.

The hotel is the first luxury facility directly administered by the State Tourist Bureau.

Until 2 years ago, Beijing had no deluxe accommodations, and most buildings catering to foreigners were beginning to show their age since they were constructed in the 1950's.

But despite the recent boom in hotel construction, Beijing still finds it difficult to accommodate the heavy influx of foreign travellers.

The same is true in Shanghai, where only 5,000 rooms are available to foreigners. Efforts are being made there to build a Hilton hotel and to expand the Jin Jiang Hotel by the end of next year.

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## CONSTRUCTION

### SHANGHAI MAYOR ADDRESSES HOUSING MEETING

OW030642 Shanghai JIEFANG RIBAO in Chinese 29 Oct 85 p 1

/Excerpt/ The Shanghai Municipal Government held a municipal housing construction cadre meeting on the afternoon of 28 October. At the meeting Mayor Jiang Zemin pointed out: This year's housing construction is faced with many difficulties. We still have a long way to go to fulfill this year's housing construction task with only a little more than 2 months left this year. We must amass a superior force to fight a battle of annihilation. All leading cadres must pay great attention to this task, assign personnel to take charge of this work, coordinate, strengthen management, and stress quality. Our main target is to guarantee the fulfillment of this year's task of constructing residences with total floor space of 4.6 million square meters and public buildings with total floor space of 400,000 square meters. We must make sure the construction is completed and people can move into these houses.

This year is the last year in the Sixth 5-Year Plan. During the first 4 years of the plan, Shanghai completed the construction of residences with total floor space of 15.36 million square meters and fulfilled the Sixth 5-Year Plan 1 year ahead of schedule. Since the beginning of this year, Shanghai's housing construction has been faced with a shortage of building materials, poor communications and transportation, the drain of workers from counties in Shanghai's suburbs, and other serious problems. At the meeting, Vice Mayor Ni Tianzeng drew up a plan to fulfill this year's housing construction task. He pointed out: This year we must guarantee the completion of the construction of residences with total floor space of 4.6 million square meters and break through the great barrier of completing residences with total floor space of 20 million square meters during the Sixth 5-Year Plan period. Despite the pressing of time and heavy tasks, we must never lower the quality of our construction.

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## CONSTRUCTION

### TIANJIN SCORES ACHIEVEMENTS IN MUNICIPAL HOUSING CONSTRUCTION

SK070639 Tianjin City Service in Mandarin 0030 GMT 6 Nov 85

[Excerpt] During the Sixth 5-Year Plan period, the municipality has concentratively attended to reconstructing earthquake-damaged houses and readjusting the relations between flesh and blood. Marked changes have taken place in the city's appearance.

Through making a large investment in reconstructing the earthquake-stricken areas during this period, the municipality has basically cleared up the traces of the earthquake disasters and has simultaneously accelerated the construction of urban residences. The floor space of residential housing completed in this period is equal to the total floor space completed in the period of the past 32 years, from the founding of the PRC to 1980. Besides restoring the houses damaged by the earthquake disasters, the municipality also built 10 new residential areas such as (Qiyuanbei), (Changjiangdao), (Xiaohaijin), and (Wanxinzhuan), and reconstructed 18,000 leaking houses covering 250,000 square meters of areas.

With regard to public utilities, the (Dianyuan) tap water works were expanded and the Tanggu tap water works newly constructed. Thus, the per-capita water supply of urban people has increased. With the construction of (Xijiao) coal gas plant, the gasification rate of the urban people has increased. More than 300 streetcars linking 15 lines have been added in order to meet the needs of the remote residential areas. Improvements have been made to upgrade postal, telecommunications, and communications facilities. The number of the urban households with telephones increased from 37,000 in 1980 to 49,000 in 1984. Long-distance telecommunications lines have been completed and put into operation this year, and 10,000 new long-distance telephone lines have also been added.

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## CONSTRUCTION

### TIANJIN MUNICIPALITY WORKS TO DEVELOP TOURISM

OW081102 Beijing XINHUA in English 0759 GMT 8 Nov 85

[Text] Tianjin, 8 November (XINHUA Correspondent Shi Xiaofan)--The thousands of seamen docked at the port and businessmen coming for business talks at this industrial and business port can do some touring on the side. The Tianjin municipality is working to encourage it.

New hotels, restaurants and other tourist attractions are being built and reconstruction of sections of the Great Wall is also underway, said a municipal tourist official.

Being a long-time port and business center, Tianjin has the tradition and experience of catering to businessmen from all parts of the country as well as from abroad. A new street, "Nanshi Food Street" has been created in downtown Tianjin. The three-storey market place is built in traditional Chinese style, with a green glazed tile roof, red pillars and grey brick floors. It houses over a hundred restaurants and food stalls that serve a host of delicacies from palace dishes to snacks from all parts of China.

Not far away is a "Culture Street". Construction started in July and it is to be opened next January, according to the municipal tourist official. The 700 meter long street will be flanked by over 90 shops, selling Chinese paintings, jewelry and antiques.

Construction of two other streets, one for shops of imported goods and another for hotels, is also underway in the downtown area, the official said.

Municipal officials said they also plan to take advantage of the abundant geothermal resources of the eastern suburbs to build sanatoriums. A golf course has been constructed in the eastern suburbs.

The municipality will also open up more recreational activities along the nearby sea coast to serve tourists, the official said.

A freeway connecting Tianjin with Beijing is now being planned. A package tour is now being offered, starting from Tianjin through Jixian county, where a section of the Great Wall has been renovated, then to Zunhua which is the site of Qing Dynasty Empress Dowager Ci Xi's tomb; then onto Chengde, the Qing Emperors' mountain villa and winding up in Beijing.

Jixian, 125 kilometres from Tianjin city proper, has another attraction besides the Great Wall--the 1,000 year old Dule Temple (Temple of Happiness in Solitude). It has been renovated and opened to the public. Built in the Tang Dynasty (618-907) the temple has the 23 meter high Guanyin (Goddess of Mercy) hall, which is the earliest multi-storeyed wooden structure in China and the 16 meter high eleven-headed colored clay image of Guanyin, one of the largest clay sculptures in the country.

Other ancient buildings under reconstruction are the Temple of Confucius and the Temple of Tianhou (Goddess of Heaven), both in Tianjin city proper, and Buddhist temples in the scenic Panshan Mountain, which is in Jixian county.

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CSO: 4020/83

## CONSTRUCTION

### HAIKOU DEVELOPING PORT, BUILDING AIRPORT

OW121352 Beijing XINHUA in English 1257 GMT 12 Nov 85

[Text] Haikou, 12 November (XINHUA)--Haikou, capital of the Hainan administrative region, Guangdong Province, is being developed into a major port city for foreign trade.

The city is located on the north shore of Hainan Island, which has been allowed to adopt flexible economic policies so that it can be opened to foreign investment.

A new 150 meter long deep-water barge wharf and a 160 meter long dock for passengers have been put into use at the old district of the Haikou Port.

Preparation is under way to expand two berths for 5,000 ton ships. When completed, the berths will have a combined annual handling capacity of 500,000 tons.

Construction of a deep-water wharf for 10,000 ton ships will begin during the Seventh 5-Year Plan (1986-1990).

While expanding the port, the city government invested more than 50 million yuan this year in further upgrading its 186 industrial enterprises.

About one third of 179 contracts signed with enterprises at home and abroad over the past year went into effect and produced profits of 8.64 million yuan last year.

The city now exports six varieties of rubber industrial products worth three million U.S. dollars a year to more than 50 countries and regions. In addition, more than 40 million yuan has been allocated for cultural undertakings and tourist facilities.

A city official said that the first construction phase of the Haikou Airport was completed earlier this year. The airport will connect Haikou with Guangzhou, the capital of Guangdong Province, and Hong Kong.

Parks, hotels and buildings for public facilities have been erected, and trees and flowers planted along the newly-widened major roads and streets.

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CSO: 4020/83

## CONSTRUCTION

### AUDITING BUREAU CLEARS UP CONSTRUCTION PROJECTS

OW110329 Beijing XINHUA Domestic Service in Chinese 0733 GMT 10 Nov 85

[Excerpts] Tianjin, 10 Nov (XINHUA)--XINHUA editor's note: The Tianjin City Auditing Bureau practice of strictly auditing and clearing up the capital construction projects that have been discontinued and of protecting state properties should be vigorously encouraged. Due to the reduction of the scale in capital construction, some projects in certain areas have been temporarily discontinued. Large investment has been made in these projects. If no measures are taken to clear up these projects, they may easily result in waste. If all the areas and departments with discontinued construction projects follow the example set by the Tianjin City Auditing Bureau in strictly auditing and clearing up these projects, they will help significantly to protect state properties. (end editor's note)

The Tianjin chemical fertilizer plant construction began in 1975 with a total investment of 30.32 million yuan. In March 1978 problems in the supply of raw materials, electric power, water, and equipment forced construction to be suspended. While the plant was under construction, all departments concerned enthusiastically supported the project. However, when it was discontinued all the departments pulled out and tried to shift responsibilities onto others. As time went by, bags of receipts and original documents became moldy, and 600 to 700 tons of rolled steel and machinery lay half buried in thick grass.

Overcoming these difficulties, the comrades of the Tianjin City Auditing Bureau, deeply aware of their responsibility to protect state properties, have finally audited and cleared up all the properties and funds of the discontinued Tianjin chemical fertilizer plant. Inspired by the Tianjin City Auditing Bureau reports, the Tianjin City Planning Commission recently coordinated with the City's Construction Commission to organize the auditing and financial departments, the construction bank, and other departments concerned in forming a group to clear up all the discontinued capital construction projects. According to a preliminary estimate, this group will be able to retrieve more than 63 million yuan worth of construction material, machinery, and funds for the state.

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CSO: 4006/268



## CONSTRUCTION

### BRIEFS

**DALIAN PIER EXPANSION**--Dalian, 20 October (XINHUA)--Expansion of Dalian's Xianglujiao Pier, a major project under the Sixth 5-Year Plan, has been completed 3 months ahead of schedule and at a cost of 127 million yuan, 15 percent lower than the original budgetary estimate, thanks to the adoption of a contract system. Under the system, the Ministry of Communications took care of financing and planning, and assigned actual construction work to Dalian's Harbor Construction Headquarters, both sides agreeing to work within budget and to share the unused portion of the budget. The headquarters, in turn, assigned different tasks to contractors, with the promise of rewards for early completion and high quality work. This contract system has proved successful in ensuring speedy and efficient work. [Summary] [Beijing XINHUA Domestic Service in Chinese 0004 GMT 31 Oct 85 OW]

**CAPITAL CONSTRUCTION PROJECTS DEVELOPED**--During the Sixth 5-Year Plan, the state has concentrated some financial and material resources and manpower to develop a number of energy, communications, raw material, and chemical industrial key projects in our province, scoring remarkable achievements. The state has planned to develop a total of 55 large and medium-sized construction projects in Jiangsu. Among them are 13 major projects including the Xuzhou Power Plant, the 500,000-volt transmission network, the (Dacheng) mining area, Lianyungang Port, the Northern Jiangsu sector of the Beijing-Huaihai Cement Plant, the Yangtze Ethylene Plant, and the (Yizhou) United Chemical Works. Investments totaling 5.9 billion yuan have been made in these 55 large and medium-sized projects, accounting for 43.4 percent of the total state-run capital construction projects for the Sixth 5-Year Plan and marking an increase of 50 percent as compared with the total investments in large and medium-sized capital construction projects for the Fifth 5-Year Plan. Among the 55 projects, 26 are expected to be completed and into operation and 9 are expected to be partially completed. [Text] [Nanjing Jiangsu Provincial Service in Mandarin 1100 GMT 8 Nov 85 OW]

**DEFENSE INDUSTRY MEETS NEEDS**--Adhering to the principle of producing civilian goods while ensuring completion of military tasks, the national defense industry in Zhejiang province is steadily developing production. It has fulfilled its 1985 production plan two months ahead of schedule, with a 36 percent increase over last year's corresponding period in civilian goods output. The output value of civilian goods accounted for 75 percent of the

total output value this year. It has successfully developed a number of new products. Quite a few new products, such as an electric testing platform for motor vehicles and a (hollow-fiber, anti-permeation device), have reached advanced technological levels in China. The output of many of its marketable products, such as cassette tapes, clocks, electric organs, copying machines, motorcycle batteries, and transformers, increased by a big margin this year as compared with last year. [Text] [Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 10 Nov 85 OW]

INVESTMENT IN LIANYUNGANG--Nanjing, 21 Oct (XINHUA)--The 6 provinces and one autonomous region located on the route of the Longhai Railway--namely, Jiangsu, Anhui, Henan, Gansu, Shaanxi, Qinghai, and Xinjiang--have decided to invest during the Seventh 5-Year Plan period in building 7 deep-water berths at Lianyungang, each capable of accommodating ships of 10,000 tons or more. They reached an initial agreement to this effect on 21 October with the Lianyungang Construction Command. One of China's eight big seaports, Lianyungang is located at the eastern end of the Longhai Railway. Goods from China's interior, if transported to Lianyungang for export, will require less freight charges than if transported to Shanghai and Qingdao as at present. Now Lianyungang can handle 9 million metric tons of cargo annually. By the year 2000, it is expected to handle from 30 to 35 million metric tons of cargo. [Summary] [Beijing XINHUA Domestic Service in Chinese 1545 GMT 21 Oct 85 OW] /12858

CIRCULAR URGES WATER CONSERVANCY CONSTRUCTION--The provincial government issued an urgent circular on 13 November demanding that the province get a good grasp of agricultural water conservancy construction this winter and next spring. The notice points out: At present the standard of water conservancy construction in Shaanxi remains very low. In addition serious damage has been done to the existing installations, which have a poor capacity for resisting natural disasters and are very far from meeting the needs of sustained and steady development of agriculture. The notice said that the focus of construction this winter and next spring should be on repairing damaged water conservancy installations, to ensure that over 90 percent of them are in good working order and to meet the needs of winter and spring irrigation. Places where there is serious waterlogging must launch a shock drive to build drainage projects and hurry to drain the land. Plateau and hilly areas must get a good grasp of planting trees and grass. [Excerpt] [Xian Shaanxi Provincial Service in Mandarin 2300 GMT 14 Nov 85 HK] /12858

BEIJING RESERVOIR CONSTRUCTION--Beijing Municipality has scored marked achievements in building reservoirs since the founding of the PRC. At present, the municipality has 86 large, medium-sized, and small reservoirs and a large number of water diversion channels. The total water capacity of these reservoirs has reached more than 7 billion cubic meters. They can provide more than 1 billion cubic meters of water supply annually for Beijing and Tianjin municipalities and Hebei Province. /Excerpts/ [Beijing City Service in Mandarin 1000 GMT 6 Oct 85/]

RURAL WATER PROJECTS BIDS--Beijing, 8 Oct (XINHUA)--Bids for the supply of construction materials and equipment for rural water supply projects opened here today. A total of 45 bids were received. Representatives of manufacturing firms from Austria, the Federal Republic of Germany, India, Japan, the Philippines, Singapore, Sweden, the United States, China and Hong Kong attended the bid-opening ceremony, which was conducted by the International Tendering Co of the China National Technical Import Corp. The project is being financed by a World Bank loan equivalent to 80 million U.S. dollars. It is mainly for the purchase of rolled steel, timber, cement and pumps, required by 25 counties in Beijing, Liaoning, Zhejiang, Sichuan and Shaanxi in their water supply projects. Evaluation of the bids will start soon and contracts are expected to be awarded in December, according to an official of the tendering company. /Text/ /Beijing XINHUA in English 1452 GMT 8 Oct 85/

OIL BARGE PLATFORM--Ningbo, 28 Oct (XINHUA)--An oil storage barge platform, the largest on the sea in China, has gone into operation off the east China coast. This is China's first that can accommodate oil tankers with a capacity of over 100,000 tons, local officials said. The platform, lying at anchor at Beicang Harbor of Zhejiang Province, was made from a 220,000 ton-oil tanker. The 17-story platform has an automatic lift, a water purification system, a pollution control system and satellite navigation facilities. There are 15 oil storehouses with a capacity of 20,000 tons of oil each. Oil from Shengli Oilfield in Shangong Province and Zhongyuan Oilfield in Hebei Province will be transferred from the platform for foreign destinations. The platform will handle up to 5 million tons a year. /Text/ /Beijing XINHUA in English 0718 GMT 28 Oct 85/

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## FOREIGN TRADE AND INVESTMENT

### STRATEGY FOR SHANGHAI TO MEET ASIAN PACIFIC ECONOMIC GROWTH

Shanghai SHEHUI KEXUE [SOCIAL SCIENCES] in Chinese No 8, 15 Aug 85 pp 14-19

[Article by Huang Daming [7806 1129 2494], Jiang Zehong [3068 3419 1347], Wang 6964 5110], et al: "The Asian Pacific Economic Situation and Shanghai's Strategy for Economic Development"]

[Text] Determining Shanghai's economic development strategy is the focus of international and national intention as well as a major item in the municipality's economic agenda. This strategy requires that Shanghai serve as a trailblazer for China's four modernizations and make every effort to turn itself into an open, multi-functional, scientifically advanced, modern socialist city with a rational industrial structure, a flourishing economy, and a thriving culture.

Shanghai's economic development strategy is based on the nation's overall strategy. It is an essential component of the grand design and contributes to its realization. The general strategy of China's open door policy can be said to have gone through three stages. Stage 1 was the establishment of the four special economic zones, a small vanguard whose mission was to try out reform and acquire experience. This was the "precursor" strategy. Stage 2 was the opening of Hainan Island and 14 coastal cities in order to take advantage of the coastal front. The establishment of a string of open cities, or points, forming a front can be described as a "vanguard front" strategy. During Stage 3, Shanghai was clearly designated as the meeting point and center of the dual strategy of opening China to the world and cooperating with the interior. A demand was made for Shanghai to become China's largest multi-functional economic hub, a "pioneer" and "important base" for its four modernizations. This can be called a "center" strategy. Hence we can see the important role played by Shanghai's economic development strategy. Plans are currently being worked out for the further development of a number of economic opened areas, marking a new stage in which a "vanguard" strategy will be implemented.

Our overriding concern now is to transfer strategic plans into strategic actions and further explore the external and internal conditions for achieving the "center" strategy. For example, how will the world economy and the Asian-Pacific economy evolve in the next 10 to 15 years? What will be their impact? In what ways have other nations changed their strategies after we opened the coastal cities? By answering these questions, we will better appreciate

Shanghai's position and functions in the world and Asian Pacific economies and work hard and conscientiously to achieve Shanghai's economic development strategy.

## I

The world economy has experienced spectacular changes in the 1980's. Following the 1981-83 crisis, all the signs suggest that the world economy is moving from a slow-growth phase to one of fast growth. Among the more prominent developments are the following:

A. In the 1983-84 world economic recovery, stagflation, which had been plaguing Western nations, was brought under control for the first time in more than a decade.

B. A new industrial revolution based on one vanguard, two key sectors and 4 high-tech sciences has been taking the industrial nations by storm. The vanguard refers to computer-based microelectronics technology which is projected to be in for some dramatic developments in the next 15 years when the fifth and sixth generation computers endowed with artificial intelligence become widespread. The two key sectors refer to bioengineering and new materials. The four high-tech sciences are fiber optics communications and lasers, new energy, oceanic, and space developments. It is generally thought both at home and abroad that the new industrial revolution will propel the world economy toward a new peak after the mid-1990's as an upsurge in scientific and technological innovation is converted into massive productive forces. Faced with the challenge of the high-tech revolution, major nations have been to develop strategies in accordance with their own circumstances. The United States, for instance, has taken up a defense strategy, the Soviet Union goes in for "offensive" maneuvers, Japan aims at "overtaking," Western Europe is trying to "catch up" while developing countries are following a "leapfrog" strategy.

C. Nations along the western rim of the Pacific Ocean have achieved such a high degree of economic prosperity that many economists are talking about the "rise of the Asian Pacific Region." This region includes the fastest growing economies in the world over the past 2 decades, surging ahead at twice the rates of Western European economies. While the average annual gross national product [GNP] growth rate is only 2 percent in Western Europe, it is 4.5 percent in Japan, 7.4 percent in nations in the Association of Southeast Asian Nations [ASEAN], and over 9 percent in Singapore, South Korea, Hong Kong and our own Taiwan Province. Taking advantage of the prosperity generated by the earlier and present industrial revolutions, they have all skipped the traditional development stage and taken off economically.

During the earlier industrial revolution in the 1950's and 1960's, a fast-growth belt had already emerged in the western Pacific region, its axis extending from Japan's Pacific industrial zone through Pusan and Seoul in South Korea, Taiwan, Hong Kong and Singapore all the way to Australia and New Zealand, forming a distinct offshore pattern. After the 1973 oil crisis, Western economies slid into severe recessions while developing nations in Latin America, Africa and South Asia were successively crushed by mounting



indebtedness. Only the western Pacific region maintained a fast-growth momentum. The first nation to shake off the effects of the oil crisis, Japan succeeded in maintaining a brisk pace of growth, chalking up an annual GNP growth rate of 5 percent from 1976 through 1978, and of 4.3 percent from 1979 to 1981. Although the U.S. economy remained stagnant overall, the western part of the nation grew rapidly even as the northeast languished in recession. From 1950 through 1980, national income in the western United States grew 13.27-fold, almost double that in the east. Both the United States and Japan have positioned themselves at the forefront of the high-tech revolution. In recent years, the western United States has been home to a cluster of new technology-intensive industries; the world-famous Silicon Valley, for instance, is located in California. New industries are also racing ahead at full steam in Japan. In 1982, robotics production was valued at 78.4 billion yen, up from 24.3 billion yen in 1971. Large-scale integrated circuit production jumped 9.7-fold from 1970 to 1980. Despite fierce competition, the United States and Japan have also undertaken a number of joint projects in certain high-tech industries over the past few years.

With their proximity to the United States and Japanese markets, countries and regions in the western Pacific mainly depend on these two nations for capital and know-how. The interchange of capital, technology and goods has provided them with the external conditions for fast growth. They have lost no time in adopting an open door policy and replacing import substitution with an export-oriented strategy, thereby creating the internal conditions for fast growth.

We can see from the above analysis that:

1. The strategy of newly developed nations in the Asian Pacific region of driving their economies with world prosperity should be equally applicable to China. As a nation on the western coast of the Pacific, we should from now on rest our economic development strategy on world prosperity and prosperity in the Asian Pacific region. As a pioneer, Shanghai is especially duty-bound to effect the transition from the mentality of exploiting world economic crises to one of exploiting world prosperity. The former is not compatible with evolving trends in the world economy today and may lead us into making strategic timing errors. Certainly we cannot reject the idea of using world economic crises. The point is that we should grab whatever opportunity that comes our way.

2. As a developing nation in the new industrial revolution, China must examine and follow the strategy of skipping the traditional development stage. Ever since we opened our doors to the world, our economy has been growing at the high rate of 7.3 percent annually. Two-thirds of our trade is conducted with countries in the Pacific rim. As long as we uphold a correct strategy and policies, we may yet make the offshore fast-growth belt in the western Pacific shift westward and come ashore. We may yet establish a fast-growth belt running along the Chinese coast, with Shanghai as its center and Dalian and Guangzhou as its two wings. It will be the engine which powers China's economic takeoff.



## II

In the international economic environment, the formulation and implementation of a nation's or region's economic strategy is invariably a process of acting and reacting. Our designation of 14 opened coastal cities in April 1984 and our strategic proposal of "one nation, two systems" sent shockwaves throughout the Pacific area, prompting some nations and regions to come up with countermeasures in order to gain access to China's huge potential market.

A. After the war, Japan launched an economic offensive in a north-south direction and gradually fashioned an international division of labor system in which North America served as the market for its goods, Southeast Asia as its production and processing base, and Australia and New Zealand as its supplier of raw materials. In the 1950's, Japan concentrated on opening up markets in North America. In the 1960's, its investment focus shifted to the Pacific region. Since the 1970's, Japan has taken advantage of the U.S. withdrawal from Asia under the "Nixon Doctrine" to direct its efforts toward establishing economic relations with China. Chinese-Japanese trade increased from \$1.1 billion in 1972 to \$10 billion in 1983. After such setbacks as the 1980 readjustments and the textbook revision incident, it is now the overriding goal of Chinese-Japanese economic and political dealings to work for long-term peaceful and friendly cooperation in the next century.

Meanwhile, however, Japanese investments in China have not made significant headway. At the end of 1983 there were only 12 Chinese-Japanese joint ventures valued at \$1.86 million, minuscule compared to U.S. investments in China. Moreover, the distribution of Japanese investments has yet to achieve a more even pattern. Japan's external economic cooperative scheme basically envisages Hong Kong as its stronghold and the northern Chinese coast as its front. Shanghai should draw the greatest interest from foreign investors, but over the past 5 years none of Shanghai's Chinese-foreign joint ventures involves Japanese capital. On the other hand, Japan has shown a good deal of interest in investing in Dalian in northern China and other raw material-producing areas in China's northeast and northwest. Recently a "Dalian Development Association" was set up in Japan primarily by people in the financial community. This move is intriguing since it is unprecedented for Japan's financial community itself to organize the development of a foreign city.

B. The United States is Japan's toughest competitor as well as its most powerful ally in the Pacific region.

The Far East is the focus of U.S. economic strategy in the Asian Pacific region. The United States attaches a lot of weight to the development of economic cooperation with South Korea and Taiwan. Its investments in South Korea and Taiwan make it the No 2 and No 1 foreign investor in these countries respectively, and its strategic goal is to groom South Korea and Taiwan, located to the north and south of Japan respectively, as Japan's fierce rivals in trade, thereby compelling Japan to change the pattern of its international division of labor from vertical to horizontal and preventing its economic position from further escalating in the Asian Pacific region.

Going hand in hand with the above strategy is the all-out effort by the United States to open up China economically. On this will depend its ability to stage a comeback in Asia. It is currently the largest foreign investor in China, with total investments valued at about \$700 million in 1983. As far as direct investments are concerned, there were 22 Chinese-U.S. joint ventures as of late 1983, representing \$90.18 million in U.S. investments. In contrast, there are only 12 Chinese-Japanese joint ventures valued at \$1.68 million.

Taking advantage of Japan's hesitation in investing in Shanghai, the United States has been zeroing in on that city and Hong Kong, making oil prospecting in the South and East China Seas its China strategy. U.S. investments in offshore oil exploration alone account for more than half of all foreign investments in China. After the Minnesota Mining and Manufacturing Co set up a wholly-owned subsidiary in Shanghai, its president was immediately feted by President Reagan. Last year former Secretary of State Cyrus Vance led a large delegation of lawyers to China to sound out the prospects of large-scale investments by the United States. It should be noted that 29 corporations and banks took part in the delegation. The United States knows only too well that to gain a head start in the immense Chinese market, it must first secure a foothold in Shanghai where the open door policy and the policy of establishing economic linkage with the interior converge. Thus did the United States move decisively to fill the void in Japan's China strategy.

C. The Far East-Pacific strategy of the Soviet Union: As early as 1965, the USSR engineered the establishment of the Japan-USSR Economic Cooperation Committee in an attempt to use Japan's know-how to develop Siberia and the Soviet Far East. From Brezhnev to Chernenko, three successive Soviet leaderships made it clear that Siberia and the Far East must be developed into a relatively independent economic system, a powerful locomotive to effect the eastward shift of the Soviet economy. The opening up of the entire Chinese coast, Japan's increasing cooperation with China's coastal cities and the easing of tension in the Korean Peninsula--all this constitutes external pressure on the USSR to breathe new life into its Pacific economic strategy. Not long ago it completed the construction of its second major railroad to the Far East one year ahead of schedule and has proposed to complete within the 1990's the third stage of the construction plan at Vladivostok which will have a projected handling capacity rivaling that of Dalian. Soviet border trade and coastal trade in the Far East are becoming more active by the day. All this shows that the USSR is poised to launch a second economic offensive in the Far East-Pacific region.

It can be foreseen that if the USSR manages to sidestep the question of northern territories and obtain Japan's financial and technical support for the development of Siberia and the Soviet Far East, in the process redirecting Mongolia's orientation eastward and reducing tension in the Korean Peninsula, a gravitational field will appear at the northern end of the western Pacific coast which will provide access to markets in Western and Eastern Europe through the Euro-Asian land bridge, coexist with China's gigantic potential market and attract active economic elements in the western Pacific to move northward.

Is it possible that a new fast-growth economic belt will emerge after the 1990's, consisting of Hong Kong, Taipei and Shanghai as its southern flank, Vladivostok as its northern end, and Pusan, South Korea, as its center? This question is well worth our attention.

D. ASEAN nations along with Singapore [sic], South Korea, Hong Kong and Taiwan are the fastest growing economies in the world today. While they have been relying on the United States and Japan for the bulk of their capital, technology and markets in recent times, our open door policy has transformed China into a strong rival and a significant potential market. Accordingly they have been forced to devise a new strategy.

Because their trade with China has already taken shape, Singapore and Thailand are less affected. The Philippines has already begun trading with China, so the impact on it is also limited. Most shaken were Indonesia and Malaysia; after we opened 14 coastal cities, both countries promptly entered into direct trade with us.

China's open door policy is a bonanza to Hong Kong since both the United States and Japan consider it their bridgehead in their march on the China market. Projections are that Hong Kong will turn in the highest growth rate in the Asian Pacific region in the next 15 years. But there is a limit to what Hong Kong can achieve internally on its own, so the need as well as possibility exists for it to cooperate with Shanghai and rely on the latter's vast economic hinterland to branch out westward to the upper reaches of the Chang Jiang and northward to various coastal areas.

South Korea and Taiwan Province are faced with two choices and two scenarios. Propped up by the United States and Japan, both areas will continue to have some room to maneuver in the short run. However, if they keep up their hostile posture even as China's market of 1 billion people is transformed from potential into reality, they will in the long run gradually lose ground economically and fall behind ASEAN nations, to the benefit of Hong Kong and Singapore. This scenario is one which their governments cannot entertain. Alternatively, they can take the road to peaceful reunification. Many factors are at work today in the Korean peninsula for reducing tension and facilitating peaceful reunification. For a long time now, Taiwan's economy has been dependent on the capital, technology and markets of the United States and Japan. For various reasons, however, Japan has been losing interest in Taiwan in recent years as demonstrated by the sharp drop in its investments in the province. Among seven Southeast Asian nations and regions, Taiwan has the smallest amount of accumulated Japanese capital. Taiwan has lately been drawing closer to the United States, granting its investors exceptionally favorable terms. When all is said and done, however, the Taiwan market is of limited attraction to U.S. businessmen because of its small size. As U.S. investments bear fruit on the mainland, Taiwan's position will become even more beleaguered. Hence the trend of economic development is also conducive to the peaceful reunification of the mainland and Taiwan.

### III

Surveying the economic situation up and down the western Pacific coast, one can envisage only three possible scenarios. First, drawn by our tremendous untapped market, the existing offshore fast-growth belt in the Asian Pacific region shifts westward and comes ashore, and a new fast-growth belt centered at Shanghai will emerge along China's coast. Second, drawn by the dual attraction of our large market and the northwestern Pacific (with the Soviet Far East, the Korean Peninsula and Mongolia as its front and connected to Eastern and Western European markets through the Euro-Asian land bridge), the existing offshore fast-growth belt shifts in a northwesterly direction to form another fast-growth belt with Hong Kong as its southern tip and Vladivostok its northern tip, linking Shanghai, Dalian, Pusan and Tokyo. Third, drawn by the gravitational pull of the northern wing of the western Pacific, today's fast-growth belt expands northward to form another fast-growth belt with Pusan and Tokyo as its center and Vladivostok and Dalian as its eastern and western extremities, respectively. In this scenario, Shanghai will become "China's declining British Empire," as Lande Co has predicted. Clearly the first two scenarios will be more advantageous to Shanghai's economic development as well as China's economic takeoff while the third scenario will be downright damaging. But since Shanghai is endowed with some unique advantages, it is not impossible for the municipality to strive to realize the first or second scenario and avoid the third.

A. Excellent geographical position: Located on the Asian mainland on the western Pacific coast, Shanghai borders on the East China Sea. It is also situated at the mouth of the Chang Jiang delta and midway along China's seacoast. "With its back to the hinterland, it faces the ocean, borders on the Chang Jiang and embraces the Pu Jiang." Its geography is so favorable that it is the hub of China's ocean shipping. About 1,000 nautical miles to the north is the Sea of Japan (less than 500 nautical miles to Nagasaki). It is only 2,500 nautical miles from Shanghai to Singapore via Hong Kong and less than 5,000 nautical miles from Shanghai to Southeast Asian nations. Even California to the east, and almost at the same latitude, is also highly accessible from Shanghai. Domestically, it is at the heart of the 14 opened coastal cities with particularly close ties to large and medium-sized cities and economic development zones in the Chang Jiang basin. It is also a key communications center. With its domestic and external focal location, Shanghai occupies such a crucial position that it is irreplaceable.

B. Vast economic hinterland: Among the 112 port cities in the Pacific rim with a handling capacity above 50 million tons, only Shanghai fronts a vast hinterland; others are all island cities. Shanghai's economic hinterland is not confined to the Chang Jiang delta but embraces more than 10 provinces and regions in the entire basin, including Jiangsu, Zhejiang, Anhui, Jiangxi, Hubei, Hunan, Sichuan, Guizhou and Yunnan, occupying a total area of 1.8 million sq km, or one-fifth of China's total area. This region is China's richest, economically developed and highly productive. It accounts for at least 80 percent of the nation's reserves in such important minerals as titanium, vanadium, phosphorus and mercury. It leads the nation in agricultural resources: in the upper reaches of the Chang Jiang is Sichuan, "land of plenty"; midstream are Dongting Hu and Poyang Hu where harvests are



said to be sufficient to "feed the world"; and in the lower reaches is the land of fish and rice. Even more important, along the river is China's highly industrialized area, including 5 cities with a population exceeding 1 million, 8 cities with a population exceeding 500,000, and more than 20 cities with a population over 200,000. Regional industrial output value makes up two-fifths of the national total. This is unequalled by any other Chinese city, or, for that matter, any other port city in the Asian Pacific region. It is foreseeable that in the next 15 years Shanghai will be one city where U.S., Japanese, European, Hong Kong and overseas Chinese capital will be competing.

C. Solid industrial basis: With its industrial output amounting to one-ninth of the national total, or 18 percent of the total of the 14 coastal cities, Shanghai is China's largest industrial base. Long famous for the comprehensiveness of its industrial lineup, it has 149 of the 162 industries identified nationally for statistical purposes, which makes for good industrial coordination and facilitates the manufacture of complete sets of equipment. Most Shanghai enterprises are national leaders in their respective industries in terms of the standard of production (managerial) technology. Labor productivity in the city doubles the national average. Profit taxes collected per 100 yuan of fixed assets are 171 percent higher than in Guangzhou and 232 percent higher than in Dalian. Shanghai is particularly attractive to foreign businessmen because they can achieve relatively high returns on their investments. In this respect not only are the other opened coastal cities no match for Shanghai, but even places like Singapore and Hong Kong pale in comparison. With such a superior industrial basis, Shanghai should and can take its place in the horizontal division of labor of international trade along with Asia's four tigers within the next 15 years.

D. Large handling capacity of its port: The port of Shanghai now has 12 harbor areas, 96 berths (including 45 10,000-ton berths) and 102 mooring buoys. Its handling capacity in 1984 approached 100 million tons, one-third of the combined handling capacity of the 14 coastal cities, making it the largest port in China and one of the 10 largest in the world. Estimates are that by the year 2000, Shanghai will have a handling capacity of 200 million tons, which will certainly have a significant impact on economic and technological development in the Asian Pacific region.

E. Advanced science and technology: With more than 700 scientific research institutions of various kinds and 470,000 scientific research personnel, Shanghai is one of China's key scientific and technical bases.

The CPC Central Committee has explicitly proposed a Shanghai economic development strategic policy based on the city's geographical conditions and economic strength. According to the policy, Shanghai is to modernize and revitalize its old industrial base, join hands with the economic development zones, rely on and contribute to the entire nation, orient itself toward the Pacific and head for the entire world. It must become not only the nation's economic, scientific and trade center but also one of the economic centers along the western Pacific coast and one of the world's largest and most modern ports.

However, we must be clear-headed enough to realize that to achieve its economic strategy, Shanghai has an arduous journey ahead with many obstacles in its path. To bring about a regional situation favorable to China and Shanghai, we must further readjust our industrial structure, step up infrastructural improvements, and develop tertiary industry. We must be aggressive in our pursuit of technical advancement, use the latest technology to modernize traditional industries, develop new industries, and take decisive measures to implement our dual strategic policy both at home and abroad.

The experience of many nations testifies to the immense macroeconomic benefits of foreign trade. The rapid economic growth of Japan, South Korea, Hong Kong, Singapore and Taiwan Province in the postwar years resulted precisely from foreign trade. If Shanghai is to become a "foreign exchange base," it must effectively reform its policies and structures, gradually modifying its export mix by shifting its emphasis from labor-intensive industries to technology-intensive ones. Since our light industrial and textile industries are being affected by quotas imposed by developed nations and the import substitution strategy of developing nations, our most urgent task now is to develop overseas sales and organize multinational companies. We must consolidate and develop such markets as Hong Kong, Macao, Southeast Asia and Japan and concentrate on cultivating such major markets as North America and Western Europe. As far as light and textile industries are concerned, our present strategy should focus on exports. As for heavy, chemical and new industries, our strategy should be import substitution. By making our own ships, airplanes, oil platforms, automobiles and large-scale power stations, for instance, we can both absorb the output of Baoshan Iron and Steel Works and Jinshan Petrochemical General Works and provide a market for light and textile industrial products as they seek to upgrade themselves, and other new industries. While spare-part assembly in new industries may be undertaken in appropriate circumstances, we should by and large concentrate on attracting and using foreign capital and make every effort to establish joint ventures and cooperative enterprises. Shanghai should use its foreign exchange and 25 percent of the retained export earnings in a way consistent with its externally-oriented strategy; it can provide loans for overseas operations, finance import substitution in heavy, chemical and new industries, set aside a certain portion of foreign exchange to establish investment banks involving Chinese and foreign capital, finance the technical modernization of small and medium-sized enterprises at home and abroad, and invest in the overseas operations of municipal enterprises. It may even invest in the "Silicon Valleys" of industrialized nations.

Shanghai's external and internal open door policies should have a dual strategy; it should establish linkages with the interior even as it tries to make contacts overseas, and let one promote the other. The main aspects of its strategy of internal cooperation should include the following:

In accordance with the readjustment needs of its industrial structure, systematically relocate some of its energy-intensive, high-consumption industries (e.g., ferroalloys, calcium carbide and chemical fertilizers) to areas with plentiful energy resources and raw and processed materials for joint production. Given suitable conditions, the production of a number of Shanghai's popular products (Sanwu brand clocks, desk clocks, bicycles, sewing



machines) can also be partly hived off to other places for local manufacturing and sales or joint production. Light and textile industries using mainly agricultural byproducts and involving relatively simple processing (edible vegetable oils, slaughtering, meat processing, rice flour, tea leaves, the processing of aquatic products) should be distributed among villages and small towns. Industrial relocation along these lines should reduce a lot of pressure on the city's raw materials, energy, communications and land. When industries or enterprises are transferred outward, they can remain in Shanghai as companies even though their production and other operations are decentralized. They may even go to resource-rich places to develop joint development companies. Such companies should follow the operational methods of multinational corporations and use such devices as "transfer price" [zhuanrang jiage 6567 6245 0116 2706] to resolve Shanghai's energy problem in the near future.

In short, as Shanghai leaves the confines of the city to operate elsewhere, it must let technology lead the way and back it up with capital. The dissemination of technology must be central to its effort to cooperate with the interior. Only thus can it maximize its achievements in this area with the minimum input of funds and only thus can it strengthen its economic ties with the interior within a relatively short time.

Cooperation with the interior also requires that Shanghai create conditions for the interior to come to it. It may set aside an area where sister provinces, municipalities and various central ministries can display their unique products and advanced technology, thereby enhancing Shanghai's product diversity and promoting its urban development and technical market. Consideration may also be given to the establishment of a trade and commerce area in the Jiangwan region as a gathering place for all businesses from the interior. These provinces and municipalities can set up various kinds of trade centers, foreign trade agencies, auction houses, warehouses, stores and hotels. In this way, Shanghai will become the confluence of three commodity flows: from province to province, from provinces to Shanghai, and from Shanghai to foreign merchants. A commodity flow may originate at the port of the producing area. A financial market may be developed at the Bund.

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CSO: 4006/99

## FOREIGN TRADE AND INVESTMENT

### NORWEGIAN COMPANY TO SELL GAS TURBINES FOR DAQING OIL FIELD

Oslo AFTENPOSTEN in Norwegian 21 Oct 85 p 12

[Article by AFTENPOSTEN's Peking correspondent Terje Svabo: "Kongsberg Vapenfabrikk Has Turbine Contract for 30 Million For Chinese Oil Field"]

[Text] Peking, 20 October--Kongsberg Vapenfabrikk has, through cooperation with Kongsberg-Dresser Power, secured a large contract for 30 million kroner in China. After 2 years of difficult negotiations it is now clear that Kongsberg will sell gas turbines to the large Daqing oil field in north China.

It was primarily firms in the United States and Great Britain which were the hardest competition for the Norwegian firm in the struggle for this contract. The turbines will be delivered during 1986, and according to available information the contract may contain possibilities for further development in China for the Norwegian company.

No state support was provided in connection with this project, but it is clear that many years of sales effort in China are behind such a contract. Also the delivery of gas turbines is seen by Norwegian businessmen in China as a new sign that Chinese authorities are looking positively at an expansion of trade between Norway and China.

It was pointed out to AFTENPOSTEN that Statoil's involvement has meant a lot for other Norwegian firms that want to come into this important market. More projects are underway, but the competition in China is extremely difficult, especially in the offshore sector.

As one of the ways of meeting this challenge, Norwegian firms are going to make a strong appearance at two forthcoming trade fairs, in Shanghai and in Canton, where equipment for the shipping and offshore industries will be presented. The Norwegian delegations to these fairs will probably be headed by Arne Synnes, Undersecretary of the Ministry of Trade.

The area director for Kongsberg Vapenfabrikk is O. E. Strupe, who has worked in this market for 8 years. That says a lot about the amount of investment necessary to become established in China.

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## FOREIGN TRADE AND INVESTMENT

### HUNAN DEVELOPS JOINT VENTURES, FOREIGN TRADE

HK060424 Beijing CHINA DAILY (Hunan Supplement) in English 6 Nov 85 p 4

[Article by Tang Zhixiang, deputy director of the Hunan Commission of Foreign Economics and Trade: "Foreign Trade Develops"]

[Text] Often known as "the land of fish and rice", Hunan Province abounds in natural resources. Its major exports are rice, tea, flax, linen and hemp. Its pig production ranks second in the country, and its pork enjoys a good market in Hong Kong and Macao.

It also leads the country in rearing other livestock, and among its specialities are preserved eggs from Yitang County, much loved by connoisseurs abroad.

The province is also famous for its firecrackers, made in a great number of varieties and of high quality. In recent years, as technology has developed, firework exports have grown rapidly. They have now become one of the province's most important exports.

Cash-crops grown for export include oil-tea, camellias, oil palm, oranges, lotus seeds, baihe (Chinese Medicine), day lily, chillies, mushrooms and bamboo shoots.

Hunan Province's handicrafts have a long history of traditional skills, such as embroidery, pottery and porcelain work, stone carving, bamboo carving and straw mat weaving. All have a high reputation at home and abroad. The annual output of porcelain cannot meet popular demand.

As one of the four Chinese embroidery styles, Xiangxiu (Hunan embroidery) involves the most attractive qualities: bright colours, excellent workmanship and refined design. Enterprises in the province improve on it by making embroidered products practical as well as beautiful.

The province has also been developing more than 100 kinds of inorganic chemical products.

Other important exports include leather, sports shoes, batteries and clothes.

Being "open to the outside world" is not only a basic national policy but also important at the provincial level for developing and benefitting Hunan.

In 1983, the province earned more than \$397 million from exports, more than twice the 1978 figure, at an average increase of 24 percent a year. In 1984, the import-export trade turnover reached \$460 million, a 95 percent increase on the year before.

The province has now established economic relations with more than 2,000 companies in more than 100 countries and regions.

The province has achieved great successes, with the help of foreign investment, in importing advanced technology through joint venture, co-operative production and compensation trade.

In trade talks between the province and foreign companies in Changsha last year, more than 60 contracts were signed, involving more than \$53 million, six and a half times the total volume of foreign investments over the previous five years.

Another 1,271 projects, which have been discussed since 1978 involving 275 million, are in the pipeline. Among them, 221 projects were signed in 1984, involving \$195 million. The province's industry will take on a new look when these projects go into operations.

To boost the economy and catch up with world technology levels, the province hopes to further economic and technological cooperation and exchange, especially in the power, transport, mining, metallurgical, chemical light, textile, electronics and processing industries, and in agriculture and tourism.

We welcome all firms at home and abroad to continue to invest in our province, or join in other trade activities. The income and profit of all investors will be guaranteed.

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CSO: 4020/82

## FOREIGN TRADE AND INVESTMENT

### GUANGZHOU TRADE FAIR SCORES GROWTH IN VOLUME, VALUE

#### Substantial Growth in Export Volume and Value

HK040411 Beijing CHINA DAILY in English 4 Nov 85 p 2

[Text] Guangzhou--The Chinese Export Commodities Fair, China's largest fair held in Guangzhou twice a year since 1957, is scheduled to close tomorrow.

"This fair has seen substantial growth both in export volume and value. Chen Jie, vice-chairman of the organizing committee, told CHINA DAILY yesterday.

But, Chen said a municipal textile import and export corporation was punished during the fair for "violating discipline by tampering with the original text of an export licence."

The average contract implementation rate will reach 60-70 percent at this fair--up from 40-50 percent in the past, Chen said. The rate might be around 80 percent for the Cereals, Oils and Foodstuff Trading Delegation, he added. "Every buyer who signs a grain contract with the delegation must pay 5 percent earnest money of the total amount in advance," he said.

#### Guangzhou Export Commodities Fair Closes

OW051307 Beijing XINHUA in English 1207 GMT 5 Nov 85

[Text] Guangzhou, 5 November (XINHUA)--Record transactions were concluded at the 1985 autumn session of the Guangzhou Export Commodities Fair which closed today, according to a spokesman for the fair.

The volume "greatly" exceeded the 2.778 billion U.S. dollars recorded for the 1984 autumn session of the fair, he said.

Big increases were registered in the areas of textiles, manufactured goods, chemicals, arts and crafts, pharmaceuticals and instruments. Silk deals made up one-third of the total.

Major imports included raw chemicals, chemical fibers, rolled steel, medicines, plywood and electrical instruments.

More than 27,000 businessmen from Hong Kong, Macao and 85 countries attended the fair, which opened on 15 October. Hong Kong and Macao businessmen purchased 47 percent of the goods.

Bartering trade was introduced at this fair and will be used in future foreign trade, the spokesman said.

#### Textiles Top Item at Guangzhou Trade Fair

HK210810 Beijing CHINA DAILY in English 21 Oct 85 p 2

[By staff reporter Zhang Chuxiong]

[Text] Guangzhou--Textiles are the top items at the Guangzhou Trade Fair currently underway.

Zhong Quansheng, head of the textile delegation, said contracts have totalled \$100 million in the first four days.

Hemp, flax and their by-products as well as cotton are selling well early on. Businessmen from Hong Kong, Macao and Southeast Asian countries are in hot competition for Chinese fabrics, Zhong said.

Ready-made garments also have attracted many buyers, he said, mainly because their quality and variety are better than at last autumn's fair. Some buyers also have placed orders for made-to-order fashions.

Zong said textile and garment sales have taken because counterfeit manufacturing has been effectively halted and advanced equipment and technology have been adopted by many manufacturers.

At last autumn's fair, the delegation planned to export goods valued at \$350 million, but transactions totalled \$780 million. This year, its goal is \$500 million.

Meanwhile, Yu Enhe, head of the arts and crafts trading delegation, said that delegation has signed contracts valued at \$20 million in the first four days of the fair. Gems and diamonds, pearls and jewels have been popular with dealers from Hong Kong, Switzerland, the Federal Republic of Germany, Singapore, Kuwait, Norway and some other countries and regions in the past few days. Silver and gold jewelry are among the most popular, Yu said.

Jiangsu and Zhejiang provinces' special arts and crafts used for souvenirs and gifts are also popular. At least 20 percent of the exhibits are new products, Yu said. Woven straw crafts, 40 percent of which are new designs account for one fourth of the delegation's display, Yu said.

Mongolian ox bone sculptures, similar to ivory carvings, are quite popular. Some American and European buyers also are keen on a bed called "dragon bed," an imitation of one in the palace museum. The bed, which is 3.20 metres long, 1.76 metres wide and 2.8 metres high, weighs over one ton. It has jade and



pearl inlays. One bed took workers at the Guangdong Gaozhou Arts and Crafts Factory 10,000 work days to complete, Yu said.

The delegation has 5,000 exhibits at the fair, held at the Guangzhou Foreign Trade Centre.

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CSO: 4020/81

## FOREIGN TRADE AND INVESTMENT

### HENAN ECONOMIC, TECHNOLOGICAL TALKS CONCLUDE

HK020317 Zhengzhou Henan Provincial Service in Mandarin 2300 GMT 30 Oct 85

[Text] Our province's talks on economic and technological cooperation, projects with foreign countries concluded in Zhengzhou yesterday afternoon [30 October]. Attending the closing reception were responsible comrades of the provincial CPC committee and the provincial government, including Yang Xizong, He Zhukang, Zhang Zhigang, Qin Kecal, and Hu Jiyun. Governor He Zhukang spoke.

Some 200 people of some 100 companies, enterprises, and banks from 15 countries and regions, including the United States, Britain, France, Japan, the Soviet Union, Poland, Singapore, Malaysia, West Germany, Italy, Hong Kong, and Macao attended the talks. Officials of the diplomatic missions of the Soviet Union and Poland to China also attended the talks.

During the 5-day talks, work groups on 83 projects were organized. The total number of discussions was over 300. Documents on 3 joint ventures were approved, and contracts were initialed on 13 projects involving a total investment of 160 million yuan, of which \$46 million was foreign capital, and 49 items were extensively negotiated.

Among the contracts signed are the Zhengzhou Wenhua Hotel which will be jointly operated by the China Cooperative Industrial International Development Corporation and the Macao Land Investment Company Limited; its construction area will be 30,000 square meters and total investment will be \$20 million; the Zhengzhou Railroad Station Development Zone, the construction of which is expected to commence in March next year and to be completed in 2 years; and the (Huangtong) Guesthouse which will be jointly operated by the Luoyang City Transport Company and the Hong Kong (Hohua) Company, Limited. Its total investment will be \$20 million and it will be built on (Huangmei) Road, Luoyang City. It will be a 20-story building with 400 rooms, and will measure up to international three-star standard.

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CSO: 4006/242

BRIEFS

WHARVES LEASED TO FOREIGN FIRMS--Tianjin, November 10 (XINHUA)--Three Tianjin container wharves will be leased to overseas firms when they go into operation next month, the Tianjin Harbor administration announced here. They will either be managed solely by overseas firms or run as Sino-foreign joint ventures. Tianjin is one of the 14 coastal cities opened last year to foreign investment. The wharves will be able to handle 300,000 containers a year, or three million tons of cargo. Firms from Hong Kong, Japan and the United States have already expressed interest in the scheme, and are now negotiating with the administration, an official said. Overseas firms will have to pay U.S. \$3.5 million annually to rent a wharf and another \$3.5 to \$4 million for the hire of its equipment. They will enjoy cuts in rents in the first 3 years. If a wharf is run by a Sino-foreign joint venture, its equipment will be contributed by the Chinese partner or leased to the venture. [Text] [Beijing XINHUA in English 1246 GMT 10 Nov 85 7W] /8918

GUANGXI JAPANESE INDUSTRIAL DISPLAY--Nanning, 3 Nov (XINHUA)--An exhibition of industrial products from Kumamoto Prefecture, in Japan, opened today in this capital of the Guangxi Zhuang Autonomous Region, south China. On show are goods made in the prefecture in central Kyushu, and also photographs and displays depicting everyday life there. It is the first major foreign exhibition to be held in Nanning, and will last until 9 November. Guangxi, which includes the beauty spot of Guilin, has forged friendly links with one foreign region, one prefecture and two cities since 1979, said a regional official. Cooperation and friendship has grown between Guangxi and Kumamoto since they established ties in 1982. The official said the southern coastal region planned to promote cooperation with foreign countries to develop energy, transport, telecommunications, natural resources, building materials and other local industries. [Text] [Beijing XINHUA in English 1323 GMT 3 Nov 85 0W] /8918

HEILONGJIANG TRADE EXHIBITION IN USSR--According to ZHONGGUA GUANGGAO BAO [CHINESE ADVERTISEMENT PAPER], the 5-day Heilongjiang provincial exhibition on samples of commodities to be exported to the Soviet Union has successfully ended recently in (Geluojiekuowo), a border city in the Far East area of the Soviet Union. This has been the second exhibition on samples of exports held by Heilongjiang Province in the Soviet Far East area since the restoration of the Sino-Soviet border trade. On exhibit were more than 1,500 samples of textile products knit goods, light industrial products, local livestock products, foodstuffs, and handicraft articles. [Text] [Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 22 Oct 85 SK] /6662

TRADE ADVISORY GROUP IN FUJIAN--The Advisory Group of the Ministry of Foreign Economic Relations and Trade arrived in Fuzhou yesterday at the invitation of the provincial party committee and government. Among the 11 members of the Advisory Group are retired veteran comrades of the ministry and veterans assigned abroad for long periods of time to promote trade. They all have rich experience and a relatively better understanding of policy. Governor Hu Ping; Jia Qinglin, Standing Committee member of the provincial party committee; and Vice Governor Chen Binpan met all the members of the Advisory Group yesterday afternoon. The provincial party committee and government leadership hoped they would investigate and provide consultation services to our province with regard to foreign trade work. [Text] [Fuzhou FUJIAN RIBAO in Chinese 25 Oct 85 p 1 OW] /6662

FOREIGN TRADE UP--Shanghai, 6 November (XINHUA)--The value of foreign trade going in and out of Shanghai is expected to top 20 billion U.S. dollars from 1981 to 1985, according to trade officials here. This will be 30 percent more than for the previous five years. The increase for exports will be 20 percent. Industrial products account for 75 percent of the total exports and agricultural produce accounts for the remaining 25 percent. Shanghai now has trade ties with 18,000 businesses in Hong Kong, Macao and about 160 countries. Since 1981, it has set up permanent offices in the Federal Republic of Germany, Japan, the United States and other countries. Some 200 businesses from two dozen countries have opened offices in Shanghai during the same period. [Text] [Beijing XINHUA in English 1446 GMT 6 Nov 85 OW]

SEMINAR ENDS--Hangzhou, 19 October (XINHUA)--A Sino-American seminar on chemical technology transfer ended here Friday. The five-day seminar was attended by more than 200 representatives from Chinese enterprises, 10 firms from the United States and a British company. The participants had extensive discussions on 150 technology transfer items presented by the Chinese side and 51 items by the U.S. and British companies. Major items covered the textile, printing and dyeing, leather, food and building industries, as well as agriculture, forestry, and animal husbandry. Technology connected with fine chemicals, high polymers, and the synthesis of organic raw materials and organic intermediates are very much in demand in China. The foreign representatives showed great interest in China's chemical products and raw materials including kaolin, hydrofluoric acid and fluorite. They will also help establish relations between the Chinese enterprises and other firms in their countries, they said. [Text] [Beijing XINHUA in English 1308 GMT 19 Oct 85 OW]

SHANGHAI, JAPANESE TRADE DISCUSSION--Mayor of Shanghai Municipality Liang Zemin met with Mr Gyomaru Romita, chairman of the Japan Council for Promotion of International Trade, at the municipal government's VIP room on the morning of 21 October. In a friendly atmosphere, they exchanged views concerning further strengthening of economic cooperation between the two countries. Jia Zhenzhi, chairman of the Shanghai branch of the China Council for Promotion of International Trade, was present on the occasion. [Text] [Shanghai JIEFANG RIBAO in Chinese 23 Oct 85 p 3 OW] /6662

CSO: 4006/242

## SPECIAL ECONOMIC ZONES

### XIAMEN SPECIAL ECONOMIC ZONE PROSPERING

OW110340 Beijing XINHUA in English 0326 GMT 11 Nov 85

[Text] Xiamen, November 11 (XINHUA)--Xiamen's gross output value is expected to total 1.42 billion yuan this year, more than double the figure of 1980 when it opened as a special economic zone.

Vice Mayor Wang Jinshui said that in some cases, the zone would offer further preferential terms to foreign investors in the future.

The city of Xiamen in Fujian Province is one of China's four special economic zones.

Until September, the zone had struck 271 contracts with foreign investors, worth a total of U.S. \$1.1 billion, said Wang.

Forty-five foreign financial organizations, including six banks, have set up offices or branches in the zone, and the first joint venture bank, the Xiamen International Bank, is expected to open soon.

Color TV sets, tape recorders, telephone sets and construction materials account for most of the joint ventures' products.

In 1980, 2.5 square kilometers of the city was designated by the State Council for a special economic zone, with tax cuts and other preferential treatment offered to attract foreign investment. The zone has since expanded to cover the whole city.

An international airport, a new port with an annual handling capacity of two million tons, 18 factories and a program-controlled telephone system have been completed since 1980, as city authorities have stepped up capital construction and attracted more foreign investment.

Since the establishment of the special economic zone, \$220 million has been spent on advanced technology from abroad to overhaul more than 100 local factories.

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CSO: 4020/84

## LABOR AND WAGES

### FORUM ON EXCHANGE OF TECHNICAL WORKERS HELD IN XIAN

HK100900 Xian Shaanxi Provincial Service in Mandarin 2300 GMT 5 Nov 85

[Text] A forum on exchanges of technical workers in China's northwest, southwest, and central south regions, convened by the Ministry of Labor and Personnel, was held in Xian on 5 November. The forum was presided over by He Guang, vice minister of Labor and Personnel.

At yesterday's meeting, representatives from technical worker exchange centres in Xian, Chengdu and Kaifeng cities, Hunan Province, Guangdong's Jiangmeng City, and Xinjiang Autonomous Region related their experiences.

Provincial Vice Governor Zhang Bin attended the forum and spoke.

Comrade Zhang Bin pointed out that opening up labor service markets and properly exchanging technical workers is of great importance to promoting rational circulation of talented people, to tapping technological potential, to arranging surplus labor forces in urban and rural areas, and to raising social and economic efficiency.

He stressed that considering the technological layout in the province, it is also very necessary to do a good quick job in exchanging technical workers. Uneven economic development in different areas and trades has long existed in our Shaanxi Province. One of the major reasons for the uneven economic development is irrational technological structure. Many talented people and much technology in some large enterprises in large and medium-sized cities have been wasted. Quite a few units, particularly district-run or county-run enterprises in northern and southern Shaanxi and town and township enterprises throughout the province lack the necessary technicians and technical workers. In order to promote the province's four modernizations and further raise the province's economic efficiency, promoting rational exchanges of technical workers by using new methods has become an important problem for the province. Leaders at all levels must strengthen their leadership over this work and, thorough setting up organizations for exchanging technical workers, and properly carry out labor service work in the province--the exchange of technical workers in particular. Necessary organs should be set up in line with the principles of voluntary participation, taking into consideration the interests of both individuals and units of the two sides, and basic adherence to rational circulation of talented people so as to carry out the work swiftly.

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CSO: 4006/260



## LABOR AND WAGES

### GUANGXI FARMERS TURN TO MINING IN MOUNTAINOUS AREAS

HK060506 Beijing CHINA DAILY in English 6 Nov 85 p 2

[Text] More than 200,000 farmers in the Guangxi Zhuang Autonomous Region in southern China have forsaken their ploughs to open mines in 40 mountainous counties, according to the newspaper ECONOMIC INFORMATION.

Small, new mines produced are valued at 150 million yuan last year, 30 percent of the region's total mine production value.

Guangxi is abundant in non-ferrous minerals, with more than 80 varieties already discovered there.

In order to spur production, the regional government last year allowed farmers who opened small mines to sell the ore they dug on the open market, with the exception of gold, silver and crystal.

This year, the government issued business licenses to miners and encouraged both collectives and individuals to invest in the mining industry. The government has also offered preferential treatment to those who undertake small mining operations.

The mining industry has long been a cornerstone of local economies in the region.

More than 4,000 farmers, for example, are working mines in Cenxi County. Since last year, the county government has supplied miners with 58 pieces of mining equipment and more than 200,000 yuan in financing. Of that sum, about 130,000 yuan went for mineral exploration, an endeavour that paid off handsomely.

In the first half of this year, mining production value in Cenxi County reached 4.33 million yuan, a 240 percent increase over the same period last year.

In Xiangzhou County, Barite mines are showing solid gains. More than 200 Barite veins, with reserves totalling 20 million tons, have been discovered in the county. About 360,000 tons of Barite, valued at about 8.8 million yuan, were mined last year.

Although the mining industry has made dramatic gains in Guangxi Zhuang Autonomous Region, its potential is under tapped. Only half of the verified deposits are being mined, the newspaper said.

The region is now seeking partners--both domestic and foreign--for financial and technological assistance in mining development.

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CSO: 4020/85

## TRANSPORTATION

### MINISTRY TAKES ACTION TO STEM TICKET SCALPING

OW080510 Beijing XINHUA Domestic Service in Chinese 1445 GMT 6 Nov 85

[Article by reporter Zhang Jinsheng]

[Text] Beijing, 6 Nov (XINHUA)--This reporter has learned from the Ministry of Communications that in order to encourage passengers to take the initiative in stopping the unlawful practice of scalping boat tickets, the ministry has instructed passenger transport departments in various ports to commend and give priority in buying tickets to passengers who have exposed this unlawful practice.

Speaking at a national meeting on clamping down on the unlawful practice of scalping boat tickets at major ports, Minister of Communications Qian Yongchang said: It is necessary to make relentless efforts to stem the unhealthy tendency of boat ticket scalping, which has corrupted the entire prevailing social practice. The handful of black sheep who have engaged in such an evil practice must be brought to justice. At the same time, it is necessary to coordinate the efforts of transport, public security, and industrial and commercial administrative departments in tackling this problem together.

Qian Yongchang pointed out: Besides punishing those engaged in the evil practice of boat ticket scalping, it is also necessary to identify loopholes in the work of passenger transport departments, improve the ticket-selling system, and readjust the ticket-selling hours according to the flow of passengers. All port authorities must set up a strict system and make sure that over 80 percent of the tickets are sold at the windows. They must also publish the figure of tickets already sold and accept the supervision of the masses. If tickets purchased by an organization are resold for profit, the organization will lose the privilege of purchasing group tickets. Staff members and workers of port transport departments are strictly forbidden to take advantage of their work for selfish interests and will be duly punished if found to be engaged in such activity.

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CSO: 4006/239

## TRANSPORTATION

### LIAOWANG LISTS PRC CIVIL AVIATION DEVELOPMENTS

HK070849 Beijing LIAOWANG in Chinese No 42, 21 Oct 85 pp 13-14

[Article by Chen Ming [7115 6900]: "New Development in China's Civil Aviation--Speaking With CAAC Director Hu Yizhou"]

[Text] This year, there have been new achievements in our country's civil aviation sector: During the first 6 months, the total civil air transport volume in our country increased by 54.4 percent over the same period last year and reached a historical high of 560 million metric ton-kilometers. Eight more airlines were opened at home and abroad and the service also improved.

Hu Yizhou, 57 this year, has recently been appointed Director of the Civil Aviation Administration of China (CAAC). Before his appointment to this post, he was a CAAC deputy director in charge of planning, international operations, airplane maintenance, engineering work, and supplies of aviation materials. In addition, he is a mechanical engineer of fairly high attainments. Before liberation, he was an employee of the Central Aviation Company. In 1949, he took part in the well-known "Upsurge of the Central Aviation and Civil Aviation Companies." Since liberation, he has always been working at a basic level in the CAAC.

When he gave an interview to this reporter, he said: Our country has a huge population and a vast territory and the civil aviation industry has bright prospects. However, the current development of this industry still falls far short of the demands of the four modernizations. In future, we should grasp the structural reform, strengthen our administration and management, and strive to create a new situation in our civil aviation industry.

#### Substitute New Planes for Old ONes and Forge Ahead Toward Modernization

As a specialist who has been engaged in civil aviation work for many years, Hu Yizhou is very familiar with the state of affairs in China's civil aviation industry. Our country's air fleet has grown from small to large. Its small piston-engined airplanes have been gradually replaced by advanced jet airplanes imported from abroad. However, our civil air fleet is still backward in quantity and quality, and some small airplanes are still in use in some branch airlines.

In order to put an end to this state of affairs as soon as possible, the central authorities have implemented a number of preferential policies for the civil aviation industry, increased investment and granted greater decisionmaking power. During this year and last, we have purchased 60 new types of planes, a number of advanced telecommunications, navigation, radar and other ground equipment; and some computerbooking systems, from the United States, Britain, the Soviet Union, and other countries. Among the new types, there are large jet airlines such as Boeing 767, 757, 747, and 737 airplanes, Airbus A310 wide-body airliners and TU154M long and medium-ranged airliners. When these airplanes have all gone into service, the passenger air transport capacity between Beijing, Shanghai, Guangzhou, Fuzhou, Lanzhou, Xiamen, Kunming, Chongqing, and Xian cities will increase relatively sharply. This will ease the current shortage of air transport facilities, make it easier for people to get air tickets, and also greatly raise the modernization level of our civil aviation industry.

At the same time, our country is also speeding up the development of its own aeronautics industry; conducting international technological cooperation in diverse forms; combining technology and industry with trade; and cooperating with foreigners in carrying out production. In the light of progress of research into, and development of, home-made airplanes, and in light of the actual needs of our civil aviation industry, new types of home-made airplanes will gradually be used in some domestic airlines.

#### Strive To Improve our Service

The service of CAAC has often been criticized by some journals and passengers in the past. Hu Yizhou attaches great importance to this issue. It often goes to the basic level to solicit opinions from passengers and staff and workers and personally handle letters from the masses. On 10 March, nine cadres of the Ministry of Post and Telecommunications each with 14 kilograms of lotus root and garlic bolts, wished to travel from Hefei to Beijing by airplane. The staff on duty at the Anhui Provincial Civil Aviation Bureau refused to take the luggage free of charge and later refused 8 of them permission to board the plane thus making their tickets void. When Hu Yizhou learned this, he said with indignation: "This was a rude and unreasonable practice." He immediately gave instructions to send people to investigate the case. A few days later, the case was seriously and conscientiously handled. An apology was made to the passengers and refunds were given for their tickets.

In order to continue to improve its service, beginning in June, the CAAC has launched a 5-month, 58-item, fine-quality emulation drive among its personnel including stewards, booking office clerks, attendants, sanitation workers, and porters. Suggestion boxes have been placed in airports, ticket offices, waiting rooms, restaurants and hotels, to sincerely solicit opinions and suggestions from Chinese and foreign passengers. During the past few months, the service in CAAC has greatly improved and the vast number of passengers have expressed their satisfaction on that.

Hu Yizhou said to this reporter: The quality of service has a bearing on the reputation of the CAAC and the state. We must conscientiously act in accordance with the requirements put forth by the central authorities, and strive to achieve greater progress in improving our service.

In the latter half of this year, we should satisfactorily grasp the emulation drive at the six major airports in Beijing, Shanghai, Guangzhou, Chengdu, Xian, and Shenyang, centered on improving service attitudes and treating customers politely, thus encouraging other units. We should steadfastly and satisfactorily grasp our service work under both normal and abnormal flight conditions. First, we should do our best to reduce the human errors which cause abnormal flights. We should carry out an education in ideal, morality, knowledge and discipline among all our staff and workers; we should try to understand that the people's aviation industry serves the people; and teach them to resist all unhealthy practice. We should strictly impose discipline, mete out severe punishment and heavy rewards, and seriously punish those who have committed errors and caused accidents.

At present, there are already 208 domestic and international airlines run by the CAAC. The number of domestic and international flights has already risen to 900 a week. In the coming few years, the CAAC plans to develop itself on a large scale, to gradually open the international air routes to Italy, Nepal, Canada, the German Democratic Republic, Argentina, Brazil, Mongolia, Turkey and other countries; and continue to increase flights between China and Europe, Japan, and the United States, and between the mainland and Hong Kong. We should also continue to expand our air transport capacity. At the same time, the CAAC should vigorously develop air cargo transport and conscientiously develop container and baggage board [ji-zhuang-ban 7162 5944 2647] transport.

As for CAAC's prospects, Hu Yizhou said optimistically: With the correct principles and policies of the central authorities, the support of the whole society, and the common efforts of all the CAAC staff and workers, I am sure that our country's civil aviation industry will soon take off.

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CSO: 4006/239



## TRANSPORTATION

### BEIJING STEPS UP TRAFFIC SAFETY TO CURB ACCIDENTS

OW261748 Beijing XINHUA in English 1430 GMT 26 Oct 85

[Text] Beijing, 26 Oct (XINHUA)--Beijing municipal authorities are stepping up road safety measures in a bid to curb the soaring number of traffic accidents. Between 1 January and 25 October, 602 people were killed in 6,000 road accidents--54 more than in the whole of 1984. About 3,000 were injured. About 85 percent of these fatalities occurred on suburban highways, according to the city's Public Security Bureau.

An official said that thanks to joint efforts by the police, drivers and residents, traffic order had been improved in the urban districts this year. Vice-Mayor Feng Mingwei said at a road safety meeting this week: "The municipal government will use all possible means to improve safety. Our duty is to guarantee the safety of the public."

All suburban townships and villages will now be required to set up traffic committees to devise ways of promoting road safety and cutting the number of accidents.

Besides establishing similar committees in all urban districts, city authorities are telling all work units to appoint one road safety officer to promote the observation of traffic rules by employees.

Public Security Bureau official Cheng Yi said some new drivers lost concentration when driving on suburban roads, and were not ready to take evasive action in an emergency. Also, certain peasant and out-of-town drivers were not familiar with traffic rules.

Vehicles from outside Beijing poured into the capital at a daily average of 10,000. They were involved in 100 road deaths this year.

Police had stepped up patrols at accident blackspots, said Cheng, and municipal authorities were urging all drivers, cyclists and pedestrians to pay closer attention to road safety.

Since 5 September, the traffic administration had stopped trucks from using the city's streets during daytime. This regulation had greatly eased traffic congestion.

At the busy Chongwenmen junction, police had banned vehicles from turning left, and this, together with pedestrian underpasses, had reduced the build-up of vehicles there.

Similar rules and one-way traffic flow had been introduced on more than 70 busy streets and junctions. In addition, 5,000 cat's eyes had been installed along Changan Avenue and other major thoroughfares to improve night vision for drivers.

However, traffic management remained a serious problem, said Cheng Yi, and bus passengers still complained about poor services. He blamed the continuing transport troubles on inadequate highways, the soaring numbers of vehicles using them and on inexperienced drivers.

The total length of roads in Beijing increased by 12.5 times between 1949 and 1984, but the passenger load rose by 108 times, according to statistics.

The already-overloaded streets were shared by 48,500 new vehicles this year, which has brought the total number in the city to 300,000.

Beijing, also known as a "kingdom of bicycles," now has 5,400,000 cyclists. Buses are often seen trapped in a swarm of bikes during rush hour.

And 124 taxi companies now have a total of 10,400 cars, compared with less than 4,000 taxis last year when only four companies were in existence.

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CSO: 4020/75

## TRANSPORTATION

### MAGAZINE CITED ON GROWTH OF TIANJIN SHIPPER

OW071241 Beijing XINHUA in English 1056 GMT 7 Nov 85

[Text] Beijing, 7 November (XINHUA)--The Tianjin branch of the China Ocean Shipping Company (COSCO) has 101 ships, 10 times the number it started out with in 1970, according to the latest issue of MARITIME CHINA.

The magazine reported that the company is now responsible for all routes from Chinese ports to the Mediterranean Red, Black and Caspian Seas and ports on the east and west coasts of Africa.

It also handles short-distance traffic between North China ports and Japan, Korea and Southeast Asia.

Cosco Tianjin consists of a bulk-cargo fleet with 11 ships between 23,000 DWT and 76,000 DWT, a dry-cargo fleet and a multi-purpose fleet.

The company can now ship special cargoes including very heavy goods, refrigerated products and dangerous substances in addition to conventional general cargo, bulk cargo and containers. It will start carrying refrigerated containers later this year.

While shipping import/export cargo for China's foreign trade, the company has also done a significant amount of cross-trade cargo.

At present, Tianjin COSCO ships call at 400 ports in more than 100 countries and offer charter, through-cargo and trans-shipment as well as regular services.

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CSO: 4020/80

## TRANSPORTATION

### BRIEFS

**BEIJING ROAD IMPROVEMENTS**--Beijing, 30 Oct (XINHUA)--Beijing authorities have built or improved 891 km of roads since 1981, bringing the capital's total length to 8,200 km, a highway administration official said here today. The new roads stretch out to Miyun County in the north, Zhangjiakou in Hebei Province in the west and Tanggu, near Tianjin, in the east. Workers have also rebuilt a road linking Beijing with Kaifeng in Henan Province. Nearly all the new roads are covered with asphalt. Highway officials have confirmed that the Beijing-Miyun road is the best of China's few first-class highways. Roads now link all 233 townships and 3,696 big villages in rural Beijing. This has aided production and made life in outlying areas more convenient. The first road in Beijing's suburbs was built in 1917, and when the city was liberated in early 1949, there were only 398 km of highways in the suburbs. [Text] [Beijing XINHUA in English 1308 GMT 30 Oct 85]

**GUANGDONG PORT APPROVED**--Guangzhou, 30 Oct (XINHUA)--The State Council has approved the opening of another port of entry in Guangdong Province, according to the local government today. Passenger services will soon be started to Hong Kong and Macao. Located at the center of Taishan County on the south coast, Guanghai harbor is 52 nautical miles from Macao and 92 nautical miles from Hong Kong. The local authorities plan to complete the harbor facilities in 8 months. Taishan County, which is within the boundary of the Pearl River delta economic zone, is the ancestral home of 750,000 people of Chinese origin in Canada and the United States, and 350,000 compatriots in Hong Kong and Macao. There has been an influx of people coming to invest or see their relatives in recent years. [Text] [Beijing XINHUA in English 1622 GMT 30 Oct 85]

**OCEANGOING FLEET CONTINUES TO GROW**--Beijing, 27 Oct (XINHUA)--China has added nearly 100 ships to its ocean-going fleet in the past 2 years, the overseas edition of the PEOPLE'S DAILY reports today. This has brought the total number of ships of the fleet to 608, with a combined 12.7 million dwt, making it the ninth biggest ocean-going fleet in the world. The fleet now calls at more than 600 ports in 150 countries and regions. China has since 1982 bought roll-on and roll-off ships, container ships, cold storage ships and multiservice ships to replace out-moded ones. Since the beginning of this year, China has opened 84 new regular shipping routes. Now 25 regular container ships sail to Japan each day, 18 to Hong Kong and 9 to London, Hamburg and Rotterdam. There are also regular container and other shipping services from China to the United States, the Mediterranean, Southeast Asia and the Gulf states. [Text] [Beijing XINHUA in English 1036 GMT 27 Oct 85]

HEBEI LOCAL RAILWAY OPENING--On the morning of 8 October, the Canggang railway, the first local railway of Cangzhou Prefecture, Hebei Province, opened to traffic. With a total length of 86.5 km, this railway begins at Zhaoguan Village in Cangzhou City in the west, links up with the Tianjin-Pukou railway, and ends in Xincun Township in Huanghua County in the east, linking with the Dakouhe sea port. [Summary] [Shijiazhuang HEBEI RIBAO in Chinese 10 Oct 85 p 1 SK] /6662

GUANGDONG'S FOSHAN PORT--Guangzhou, 20 Oct (XINHUA)--The State Council recently approved the opening of Guangdong's Foshan Port. A passenger shipping line between Foshan Port and Hong Kong also will be started. The opening of Foshan Port will greatly convenience the port city's export business and Hong Kong businessmen. It will also improve the city's investment environment and give impetus to the economic development of Foshan Prefecture and the Zhujiang Delta. [Excerpts] [Beijing Domestic Service in Chinese 0043 GMT 20 Oct 85 OW] /6662

CSO: 4006/239

## BRIEFS

YU ON TRADE TALKS--Taipei, 3 Oct (CNA)--Premier Yu Kuo-hwa Thursday instructed the Economics Ministry to list in detail to its American counterpart the nation's efforts to increase purchases of American goods and to protect intellectual property rights while joining in talks on Sino-American trade. The trade relationship between the Republic of China and the United States is very important to both countries, the premier said, adding that every unit under the government agencies should bear this in mind. In addition to upholding a sincere attitude in the talks, more efforts should be made to narrow the trade gap between the two countries, the premier further pointed out. Yu made the remarks after hearing an Economics Ministry briefing on Sino-American trade at an Executive Yuan meeting. During the meeting, the cabinet also discussed the acceleration of internationalization and liberalization of the nation's economy and trade, and how to manage negotiations with the American side. /Text/ /Taipei CNA in English 1401 GMT 3 Oct 85/

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CSO: 4020/74



FLURRY OF BANK OPENINGS IN SPECIAL ECONOMIC ZONES

Hong Kong WEN WEI PO in Chinese 31 Aug 85 p 9

[Article: "International Credit and Commerce Bank Obtains Permission To Open Branch in Shenzhen; Macao Nan Tung Bank Also To Open Branch in Zhuhai; Chartered Bank Applies To Open Branch in Xiamen"]

[Text] Special economic zones [SEZs] will be given an opportunity for further development in the wake of the establishment of a number of Chinese and foreign banks. The Bank of Credit and Commerce International Overseas Ltd has become the second foreign bank, after the Hong Kong and Shanghai Banking Corp, to be formally permitted to open in Shenzhen. Also to open for business in the near future are the Zhuhai branch of Macao's Nan Tung Bank Ltd and the Shenzhen branch of the Guangdong Provincial Bank. Meanwhile, Mr Brown, regional manager of the Chartered Bank, also disclosed in Xiamen yesterday that his bank has decided to apply to have the status of its office just opened in Shenzhen upgraded to that of a branch.

A few days ago, the Chinese People's Bank formally approved the application by the Bank of Credit and Commerce International Overseas Ltd to upgrade its representative office in Shenzhen to a branch. No details are yet available about its actual scope of operation, but it is expected to coincide more or less with that of the branch of the Hong Kong and Shanghai Banking Corp.

It is understood that the Shenzhen branch of the Bank of Credit and Commerce International Overseas Ltd will be housed on the first floor of the Shenzhen International Trade Center and will take up 3,800 sq ft. The site is being prepared at the moment, and will take 1 or 2 months. The branch will be open for business in October.

Inasmuch as the Bank of Credit and Commerce International Overseas Ltd was founded by well-known personalities from oil-producing countries in the Middle East and millionaires around the world, the establishment of the Shenzhen branch will powerfully boost the attraction of Middle East capital to the SEZ.

Since China announced on 2 April regulations governing the operations of foreign and Chinese-foreign banks in SEZs, the head office of the Chinese People's Bank has so far approved the applications of two foreign banks to set up branches in Shenzhen. Together with the branches of Nanyang Commercial

Bank, Ltd and the Guangdong Provincial Bank, which obtained similar permission earlier, there are already four Chinese or foreign banks in the SEZ. This development has tremendous implications for the zone's effort to attract foreign capital.

Right now the Shenzhen branch of the Guangdong Provincial Bank is being furnished and is expected to open soon. Next month, the Shenzhen branch of Nanyang Commercial Bank, Ltd will be relocated from its present premises in the Huaqiao Building to its new address in Nanyang Building.

Meanwhile, in the Zhuhai SEZ, the Zhuhai branch of Nan Tung Bank, Ltd of Macao is also scheduled to open for business shortly. Sources say the bank, located on the first and second floors of the Development Building on Yuehai Lu in the Gongbei District in Zhuhai, will handle or offer such services as foreign exchange deposits, import-export bills of exchange, remittances, investments, safety deposit boxes, leasing, credit, industrial and commercial foreign exchange loans, special zone commodities and home mortgage and will act as an insurance agent. It will also be fitted with automated teller machines at which customers with a "pass card" issued by a bank in Hong Kong or Macao can make withdrawals.

The Zhuhai branch of the Nan Tung Bank, Ltd will be the first branch of a Macao bank to open in the zone. Its establishment also marked the first time a bank from outside Zhuhai has opened a branch in the zone. Its establishment, therefore, has profound significance for strengthening the financial ties between Macao and the Zhuhai SEZ and promoting economic development in the two areas.

The Chinese People's Bank not long ago approved the application by Chiyu Banking Corp, Ltd of Hong Kong to set up a branch in the Xiamen SEZ. Earlier, a contract was signed for the establishment of the Xiamen International Bank, a joint venture. Altogether there will be two Chinese and Chinese-foreign banks in the Xiamen SEZ.

Meanwhile the Xiamen office of the Chartered Bank was formally opened yesterday, when the regional manager of the bank, Mr Brown, also announced in Xiamen that the bank is applying to have the status of the brand new office upgraded to that of a branch. The Chartered Bank is doing the same thing for its office in Shenzhen. Mr Brown expects the applications to be approved presently.

The Xiamen office is the Chartered Bank's fourth such office in the interior. At the same time the bank has set up a new China department in Singapore to facilitate Singapore-China trade.

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CSO: 4006/977

BRIEFS

NEW CREDIT MANAGEMENT MEASURES ANNOUNCED--Beginning 20 November, the Chinese People's Construction Bank will reform its credit management system by introducing new credit management measures under which all credit funds will be included in the state's comprehensive credit plan. This decision was taken at the national conference on reforming the Construction Bank credit management system currently being held in Zhengzhou. In recent years, not only has the Construction Bank been financing capital development projects, but its credit business has also been expanding rapidly as it extends more and more loans on both fixed assets and circulating funds. However, the Construction Bank's practice of merely including the difference between deposits and withdrawals does not fully reflect the magnitude of credit nationwide. To correct this situation, the Construction Bank is to introduce new credit management measures which include the following main points: (1) The incomes and expenditures in the bank's various credit funds and unused portions of its financial funds must be included in full in the state's comprehensive credit plan. (2) In its financial and lending activities, the bank must abide by the principles of allocate first, spend later, and depositing more than it spends in order not to deplete credit funds. [Text] [Hong Kong TA KUNG PAO in Chinese 5 Sep 85 p 3] 12581

BANK OF CHINA TO ISSUE CD'S IN LONDON--The London branch of the Bank of China will soon issue \$200 million worth of certificates of deposit. The certificates will mature on 20 September 1990 and will carry a variable interest rate similar to interest rates charged by London banks on private loans and deposits. Interest will be paid biannually. The contract for the issue of the certificates will be signed on 16 September 1985, with payment scheduled for 20 September. All matters relating to the issue of the certificates will be handled by the Orion Royal Bank, Ltd. The bank will invite a number of international banks to take part in the management of the certificates. The Bank of China is a bank of the People's Republic of China which specially handles foreign exchange. As of 31 December 1984, the bank's net profit amounted to 1,495,000,000 yuan (equivalent to \$535 million). On the same day, its total assets were valued at 200,315,000,000 yuan (equivalent to \$71.65 billion). [Text] [Hong Kong TA KUNG PAO in Chinese 12 Sep 85 p 1] 12581

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